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CENTRAL EURASIA

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Russian Federation Law on Defense

93UM0031A Moscow ROSSIYSKAYA GAZETA in Russian 9 Oct 92 p 4

[Russian Federation Law on Defense]

[Text] The current Law defines the principles and organization of the defense of the Russian Federation, the rights and duties of the bodies of state authority and administration, the local self-governing bodies, the enterprises, institutions, organizations, officials and citizens in the area of defense, the structure and organization of the Russian Federation Armed Forces, the responsibility for violating Russian Federation legislation on defense questions as well as other standards concerning defense.

Section I. General Provisions

Article 1. Fundamentals of Defense

The current Law understands by defense a system of political, economic, military, social, legal and other measures to ensure the state's readiness to defend itself against armed attack as well as the actual defense of the population, the territory and the sovereignty of the Russian Federation.

Defense is an element of security and one of the most important functions of the state.

Defense is organized and implemented in accord with international law, the Russian Federation Constitution, the current legislation of the Russian Federation and the military doctrine of the Russian Federation.

For defense, with the use of the means of armed combat, the Russian Federation Armed Forces are to be organized and the military obligation of the Russian Federation citizens is established.

Defense with the employment of means of armed combat can involve the Border Troops, the Internal Troops, the troops of the Russian Federation Ministry of Security, the government communications troops which provide communications for the military command and control bodies, the Russian Federation Railroad Troops, the Civil Defense troops (henceforth other troops) which carry out the tasks in the area of defense as established by the Russian Federation legislation.

The list of troops designated in the current article is exhaustive.

The existence and establishing of different troop formations in the Russian Federation is prosecuted under the law.

Article 2. The Organization of Defense

The organization of defense includes the following:
—legal regulation in the area of defense;
—forecasting and assessing a military threat;
—the elaboration of military policy and military doctrine of the Russian Federation;
—the organizational development, training and maintaining of the Russian Federation Armed Forces in the required readiness as well as the planning of their use;
—the development, production and modernizing of weapons and military equipment;
—the mobilization training of the bodies of state authority and administration, the local self-government bodies, the enterprises, institutions and organizations, the economy, the territory, lines of communications and the population of the nation;
—the creation of stocks of valuable materials in the state and mobilization reserves;
—planning and implementing measures relating to civil and territorial defense;
—ensuring the keeping of state and military secrets;
—the development of military science;
—coordinating the activities and the bodies of state authority and administration, the local self-governing bodies in the defense area;
—civilian supervision over the defense expenditures and activities of the Russian Ministry of Defense on a level not restricted by the law;
—international collaboration in the aims of collective security and joint defense;
—other measures in the defense area.

Article 3. Russian Federation Legislation on Defense Questions

The Russian Federation legislation on the questions of defense is founded on the Russian Federation Constitution and includes the current Law as well as other laws of the Russian Federation governing the relations involved with the security of the Russian Federation, military obligation and military service, state service which can replace military service (alternative service), the status of servicemen, pension support for persons discharged from military service, the defense budget, civil defense, mobilization, martial law, the purchasing of weapons, the status of the defense enterprise, state secrecy, land tenure and other legislative enactments of the Russian Federation.

The enforceable enactments which existed in the USSR on the question of defense are to maintain their validity in those areas which do not contradict the Russian Federation legislation on defense questions until their complete replacement by the authorized bodies.

Section II. Powers of the Bodies of State Authority and Administration in the Defense Area

Article 4. Powers of the Russian Federation Supreme Soviet in the Defense Area

The Russian Federation Supreme Soviet:
—defines military policy and adopts the main provisions of Russian Federation military doctrine;

—carries out legislative supervision in the area of defense and the sociolegal protection of the servicemen, persons discharged from military service and members of their families;
—approves the text of the Military Oath, the combined arms regulations and the colors and flags of the Russian Federation Armed Forces;
—reviews and approves article-by-article the defense budget;
—at the request of the Russian Federation President, approves the strength, structure and size of the Russian Federation Armed Forces and other troops, it sets the number of official positions in the Russian Federation Armed Forces to be held by generals and admirals;
—sets the military ranks;
—approves the regulations on the order of undergoing military service and the carrying out of state service which replaces military service (alternative service);
—supervises the carrying out of the Russian Federation legislation on the questions of defense;
—approves the appointing of the Russian Federation minister of defense and his deputies, the chief of the General Staff of the Russian Federation Armed Forces and his deputies, the commanders of the services, the territorial and functional commands of the Russian Federation Armed Forces;
—dismisses the Russian Federation minister of defense on the grounds and in the procedures provided by the Russian Federation Constitution;
—ratifies and denounces the international treaties of the Russian Federation on joint defense and military collaboration and on questions of collective security and disarmament;
—takes decisions on the use of the Russian Federation Armed Forces outside the Russian Federation in accord with its international obligations;
—takes decisions on general or partial mobilization, on the introduction and ending of martial law on the entire territory of the Russian Federation or in its individual localities, on declaring a state of war, the establishing and abolishment of the wartime bodies of state authority and administration, the halting of war and the concluding of peace;
—determines the powers of the Russian Federation President on conducting nuclear and other special tests and the employment of nuclear weapons.

The Committee of the Russian Federation Supreme Soviet in charge of defense questions:
—examines the draft defense budget and submits its proposals on this to the Russian Federation Supreme Soviet;
—discusses the candidacies for positions in the Russian Federation Armed Forces to be filled by generals and admirals and submits its conclusions on them to the Russian Federation President.

Article 5. Powers of the Russian Federation President in the Defense Area

The Russian Federation President:
—is the Supreme Commander-in-Chief of the Russian Federation Armed Forces;
—presents to the Russian Federation Supreme Soviet a draft of the main provision for the military doctrine of the Russian Federation;
—approves the overall concept and plans for organizational development, the plans for the employment of the Russian Federation Armed Forces, the mobilization plan for the Russian Federation Armed Forces, the mobilization plans for the economy as well as the plans for the training and build-up of mobilization reserves and the effective equipping of the nation's territory in the interests of defense;
—approves the state programs and plans for the development of weapons and military equipment within the limits of the allocated funds;
—sanctions the carrying out of nuclear and other special testing in accord with the testing programs approved by the Russian Federation Supreme Soviet;
—with the agreement of the Russian Federation Supreme Soviet appoints the Russian Federation minister of defense, the chief of the General Staff of the Russian Federation Armed Forces and his deputies, the commanders of the services, territorial and functional commands of the Russian Federation Armed Forces and independently the chiefs of the directorates of the Russian Federation Ministry of Defense and the General Staff of the Russian Federation Armed Forces, the commanders of the field forces, formations and also dismisses them or accepts their retirement in the proper order;
—awards the military ranks of generals and admirals in the procedures established by the law;
—approves the Regulation on the Russian Federation Ministry of Defense and the General Staff of the Russian Federation Armed Forces;
—approves the plan for civil defense in the Russian Federation and the Regulation on Territorial Defense;
—approves, at the request of the Russian Federation minister of defense, the plans for the disposition of the Russian Federation Armed Forces and the other troops, the location of military facilities and facilities to eliminate weapons of mass destruction and nuclear wastes on the territory of the Russian Federation;
—conducts talks and signs international treaties of the Russian Federation on joint defense and military collaboration and on question of collective security and disarmament;
—announces a state of war, general or partial mobilization, martial law on the entire territory of the Russian Federation or in its individual localities in the event of a surprise armed attack on the Russian Federation with the subsequent immediate submission of these questions for review by the Russian Federation Supreme Soviet;
—issues orders to the Russian Federation Armed Forces on the conducting of military operations, for the employment of nuclear weapons and other types of weapons of mass destruction within the limits of the powers established by the Russian Federation Supreme Soviet;

—puts into effect wartime enforceable enactments and cancels their action; he forms and manages the wartime bodies of state administration in accord with the Russian Federation Law on Martial Law;
—issues edicts on the induction of citizens of the Russian Federation for military service (with an indication as to the number of inductees).

Article 6. Powers of the Russian Federation Government in the Defense Area

The Russian Federation Government:
—bears responsibility of the state of the Russian Federation Armed Forces;
—directs the activities of the state administrative bodies subordinate to it on defense questions;
—submits to the Russian Federation Supreme Soviet proposals on the draft of the defense budget;
—organizes the equipping of the Russian Federation Armed Forces and other troops with weapons and military equipment, their supply with materiel, resources and services in accord with the orders of the Russian Federation Armed Forces;
—ensures the execution of the state programs and plans for weapons development as well as the training of citizens in military registration specialties;
—provides for the creation of the infrastructure of the Russian Federation Armed Forces and other troops;
—determines the procedures for military registration and prepares proposals for the Russian Federation President on the number of Russian Federation citizens to be called up for military service, military assemblies and under mobilization;
—organizes the elaboration and execution of the mobilization plans and assignments, the plans for stockpiling mobilization and state reserves;
—takes decisions on the establishing, restructuring and abolishing of the state defense organizations, the scientific research and experimental design organizations; the military academy, institutes and schools, the military chairs at the higher educational institutions as well as determine the procedure for preparing citizens in the military registration specialties and officer personnel;
—within the limits of the powers granted to it, organizes the carrying out of the obligations contained in the Russian Federation's international treaties on defense questions;
—organizes the work of departmental bodies for the social security of the servicemen, persons discharged from military service and members of their families;
—establishes the benefits for the civilian personnel of the Russian Federation Armed Forces and the other troops as well as the workers and employees of the defense enterprises, institutions and organizations depending upon their working conditions;
—determines the organization, tasks and carries out general planning for civil and territorial defense as well as monitoring the fulfillment of the approved plans;
—determines the procedures for the activity and logistic support for the military commissariats;
—establishes the procedures for the transfer, leasing, sale and liquidation of weapons and military equipment, defense facilities and other military property;
—organizes control over the exporting of weapons and military equipment, strategic materials, advanced technologies and dual-purpose products;
—conducts international talks on military questions, defines the confidence-building measures between states and for a reciprocal reduction in the level of the military threat and the establishing of collective security.

Article 7. Powers of the Bodies of State Authority and Administration in the Republics Which Comprise the Russian Federation, the Autonomous Oblast, Autonomous Districts, Krays, Oblasts, the Cities of Moscow and St. Petersburg and the Local Self-Governing in the Defense Region.

The bodies of state authority and administration of the republics comprising the Russian Federation, the autonomous oblast, autonomous districts, krays, oblasts, the cities of Moscow and St. Petersburg and the local self-governing bodies in cooperation with the military administrative bodies within the limits of their territory:
—ensure the carrying out of the legislative and other enforceable enactments of the Russian Federation in the defense area and the sociolegal protection of the servicemen, persons discharged from military service and the members of their families;
—conduct measures to prepare the territory and the lines of communications for defense purposes;
—organize the military registration and preparation of the Russian Federation citizens for military service, their induction into military service, military assemblies and under mobilization;
—meet the requirements of the troops formations and institutions of the Russian Federation Ministry of Defense in the manner set by the legislation and other enforceable enactments in effect on the territory of the Russian Federation;
—carry out the fulfillment of the mobilizational plans and assignments;
—participate in the planning and ensure the carrying out of measures on civil and territorial defense;
—submit to the superior bodies of state authority and administration proposals on improving the organization of defense.

Section III. Duties of the Enterprises, Institutions, Organizations and Citizens of the Russian Federation in the Defense Area

Article 8. Duties of the Enterprises, Institutions and Organizations in the Defense Area

The enterprises, institutions and organizations, regardless of their departmental affiliation and forms of ownership in accord with the legislative and other enforceable enactments of the Russian Federation:

—carry out the contractual obligations and in wartime, the state orders to develop, produce, deliver and repair weapons and military equipment, other military property and resources, on contractual work and the providing of services for the needs of the Russian Federation Armed Services;

—participate in civil defense measures;

—carry out measures envisaged in the mobilization plans and assignments, the plans for the stockpiling of mobilizational and state reserves on a contractual basis, if the law does not make different provision;

—create the necessary conditions for their workers to carry out their military service; the expenditures related to this are recovered by the enterprises, institutions and organizations from the Russian Federation Ministry of Defense.

Article 9. Duties and Rights of the Russian Federation Citizens in the Defense Area

Russian Federation citizens in accord with the law:

—carry out their military duty or volunteer for military service on a contract basis;

—they participate in measures of civil and territorial defense;

—they can establish enterprises and public organizations which help to strengthen defense;

—they make available in wartime for defense needs, upon the demand of the current authorities, buildings, structures, means of transport and other property in their possession, with subsequent compensation for the loss by the state.

The officials, in accord with the position held, are obliged to know and execute their functions on the defense questions, if such are provided by the legislative and other enforceable enactments of the Russian Federation.

Section IV. The Russian Federation Armed Forces

Article 10. The Russian Federation Armed Forces and Their Purpose.

The Russian Federation Armed Forces are a state military organization comprising the basis of defense for the Russian Federation.

The Russian Federation Armed Forces have the purpose of repelling aggression and defeating the aggressor as well as for carrying out tasks in accord with the international obligations of the Russian Federation.

The involvement of the units, subunits and other formations of the Russian Federation Armed Forces in carrying out tasks which are not related to their purpose is permitted only on the basis of the law or under a decree of the Russian Federation Supreme Soviet.

Article 11. The Strength of the Russian Federation Armed Forces

The Russian Federation Armed Forces consist of headquarters bodies, field forces, formations, troop units, institutions, military academies, institutes and schools.

A unit of the Russian Federation Armed Forces can be part of the joint armed forces or be under a unified command in accord with the international treaties of the Russian Federation.

The Russian Federation Armed Forces cannot include units, subunits and other formations the activities of which are not linked to the purpose of the Russian Federation Armed Forces and ensuring their viability.

Article 12. The Manning of the Russian Federation Armed Forces

The manning of the Russian Federation Armed Forces with servicemen is carried out on a volunteer basis, by contract, as well as on the basis of the induction of the Russian Federation citizens for military service according to the extraterritorial principles.

The actual number of servicemen in the Russian Federation Armed Forces in peacetime (without special permission for this from the Russian Federation Supreme Soviet) cannot exceed 1 percent of the size the Russian Federation's population.

Citizens who have reached the age of 60 are not permitted for military service in the Russian Federation Armed Forces.

The Russian Federation Armed Forces are also manned with civilian personnel.

The necessary reserves are set up for the mobilizational deployment of the Russian Federation Armed Forces.

Article 13. Civilian Personnel of the Russian Federation Armed Forces

The official number of civilian personnel in the Russian Federation Armed Forces is set by the Russian Federation Government and the list of the officials to be filled with civilian personnel by the Russian Federation defense minister.

The labor relations of the civilian personnel with the military command, depending upon the position held, are covered by the legislation of the Russian Federation on labor and state service.

The legislative enactments of the Russian Federation on the questions of the labor, wages, pension coverage, social and legal protection or the citizens apply to the civilian personnel of the Russian Federation Armed Forces, regardless of an order on their introduction by the orders of the military command.

The civilian personnel of the Russian Federation Armed Forces has the right to establish trade unions.

Article 14. Leadership and Command and Control of the Russian Federation Armed Forces

General leadership of the Russian Federation Armed Forces is provided by the Russian Federation Supreme Soviet, the Russian Federation President as the Supreme Commander-in-Chief of the Russian Federation Armed Forces and the Government within the limits of their powers as set out by the Russian Federation Constitution and the current law.

Direct leadership over the Russian Federation Armed Forces is provided by the Russian Federation minister of defense through the Russian Federation Ministry of Defense. The main body for the immediate command and control of the troops and naval forces in the Russian Federation Armed Forces is the General Staff of the Russian Federation Armed Forces.

The position of the Russian Federation minister of defense, his deputies and other officials in the Russian Federation Armed Forces can be filled by civilians.

The functions of the Russian Federation Ministry of Defense and the General Staff of the Russian Federation Armed Forces are defined by the current Law, by the Regulation on the Russian Federation Ministry of Defense and the General Staff of the Russian Federation Armed Forces. The corresponding directorates and services are established for implementing these functions in the Russian Federation Ministry of Defense and the General Staff of the Russian Federation Armed Forces.

Command and control over the services of the Russian Federation Armed Forces are carried out through the corresponding staffs.

Functional and territorial commands can be set up for the command and control of the groupings of the Russian Federation Armed Forces.

The official language of the Russian Federation is used for leadership, command and control of the Russian Federation Armed Forces and for the training of the personnel of the Russian Federation Armed Forces.

The leadership, command and control of the Russian Armed Forces in wartime are determined by the corresponding law.

Article 15. Functions of the Russian Federation Ministry of Defense

The Russian Federation Ministry of Defense:
—implements policy in the area of the organizational development of the Russian Federation Armed Forces in accord with the decisions of the superior bodies of state authority in the Russian Federation;
—participates in working out proposals for the Russian Federation Supreme Soviet, the Russian Federation President on military policy and military doctrine for the Russian Federation;
—works out proposals on the draft of the defense budget and submits these to the Russian Federation Government;
—works out drafts of long-term state programs and annual work plans in the interest of ensuring defense;
—coordinates, finances and within the limits of its competence supervises the work being carried out in the interests of defense;
—orders and finances on a contractual basis the scientific research and experimental design work in the defense area, the production and purchase of weapons and military equipment, food, uniforms and other supplies, material and other resources as well as contracting work and services for the needs of the Russian Federation Armed Services within the limits of the funds allocated for these purposes;
—finances and provides training facilities on a contractual basis for the public organizations providing training of the citizens in the military registration specialties for the Russian Federation Armed Forces;
—organizes work on the maintaining of state and military secrets in the Russian Federation Armed Forces;
—with the approval of the Committee of the Russian Federation Supreme Soviet in charge of defense questions, carries out a personnel policy in the Russian Federation Armed Forces;
—provides financial, technical and rear support for the Russian Federation Armed Forces;
—in accord with the Russian Federation legislation organizes the standing of military service and ensures the social protection for the servicemen, the civilian personnel of the Russian Federation Armed Forces, persons discharged from military service and members of their families;
—cooperates with the military agencies of other states;
—submits proposals to the Russian Federation Government on the use of the capabilities of the Russian Federation Armed Forces in the interest of the socio-economic development of the Russian Federation;
—organizes military scientific research;
—works out and submits for approval to the Russian Federation Supreme Soviet the drafts of combined arms regulations;
—exercises other powers provided in the Regulation of the Russian Federation Ministry of Defense and the General Staff of the Russian Federation Armed Forces.

Article 16. Functions of the General Staff of the Russian Federation Armed Forces

The General Staff of the Russian Federation Armed Forces:
—works out plans for the employment of the Russian Federation Armed Forces and mobilizational plans as well as a plan for the effective organizing of the territory of the Russian Federation in the interests of defense;
—works out proposals on the military doctrine of the Russian Federation, on the structure, composition, disposition and tasks of the Russian Federation

Armed Forces, for the supply of weapons and military equipment, for the training of military personnel and the defense budget;
—provides day-to-day command and control of the troops and naval forces of the Russian Federation Armed Forces;
—carries out intelligence activities in the interests of defense and security;
—organizes the mobilizational training and deployment of the Russian Federation Armed Forces;
—maintains the necessary combat readiness of the Russian Federation Armed Forces;
—organizes the day-to-day training of the staffs and troops;
—conducts military scientific research of an operational-strategic nature.

Article 17. Disposition of the Troops and Naval Forces

The troops and naval forces are deployed in accord with the defense tasks and the socioeconomic capabilities of the regions of the Russian Federation.

The deployment plan for the troops and naval forces is worked out by the General Staff of the Russian Federation Armed Forces, with the approval of the Russian Federation Government, the state administrative bodies of the republics comprising the Russian Federation, the autonomous oblast, the autonomous districts, krays, oblasts, the cities of Moscow and St. Petersburg and is approved by the Russian Federation President upon submission of the Russian Federation minister of defense.

Troops and naval forces within the limits of the territories provided for the use of the Russian Federation Ministry of Defense can be redeployed by the Russian Federation minister of defense with the agreement of the appropriate bodies of state authority and administration, and within the formations and higher, with the permission of the Russian Federation President.

The deployment of troops and naval forces outside the Russian Federation is permitted only with the sanction of the Russian Federation Supreme Soviet.

Article 18. Restricting of the Activities of Public and Other Organizations and Associations in the Russian Federation Armed Forces

The activities of public and other organizations and associations pursuing political goals as well as the forming of their structure in the Russian Federation Armed Forces are not permitted.

It is not permitted to use the official positions and financial assets of the Russian Federation Armed Forces for setting up the structure and carrying out the activities of any public and other organization and association except for those established by the Russian Federation legislation.

It is prohibited to conduct any political agitation, including election, on the territory of the troop units, formations and institutions of the Russian Federation Armed Forces.

Article 19. Ensuring Legality in the Russian Federation Armed Forces

Supervision over legality and the investigation of cases on crimes in the Russian Federation Armed Forces are the responsibility of the General Procurator of the Russian Federation and the procuracies subordinate to him.

Legal defense of servicemen and the review of civil and criminal cases in the Russian Federation Armed Forces are provided by the courts.

Section V. The State of War. Martial Law. Mobilization. Territorial Defense. Civil Defense

Article 20. The State of War

A state of war is declared in the event of an armed attack on the Russian Federation by another state or by a group of states.

Wartime begins from the moment of the declaration of the state of war or the actual start of hostilities and this ends with the announcement of the halting of hostilities and their actual halting.

Article 21. Martial Law

Martial law is put into effect on the entire territory of the Russian Federation or the individual localities with the announcement of a state of war as well as with the presence of a direct threat of an armed attack by another state or group of states on the Russian Federation.

The conditions of martial law are defined by the Russian Federation law on martial law.

Article 22. Mobilization

With the declaration of a general or partial mobilization measures are implemented to convert the Russian Federation Armed Forces or their units to a wartime organization and establishment, as well as to convert the enterprises, institutions and organization or parts of them from a peacetime to wartime footing.

The procedure for preparing and carrying out the mobilizational measures is defined by the Russian Federation Law on Mobilization.

Article 23. Civil Defense

Civil defense is organized in the aim of protecting the civilian population and the national economic installations against the dangers arising with military operations.

The tasks and organization of civil defense are determined by the Russian Federation Law on Civil Defense.

Article 24. Territorial Defense

Territorial defense is organized and carried out in the aims of protecting the installations and lines of communications on the territory of the Russian Federation against the actions of the enemy, sabotage and terrorist acts, as well as the establishing and maintaining of the conditions of martial law.

The general tasks and organization of territorial defense are determined by the Russian Federation President.

Section VI. Concluding Provisions

Article 25. The Financing of Defense

The financing of defense is carried out from the Russian Federation federal budget by allocating funds to the Russian Federation Ministry of Defense in accord with the Russian Federation Law on the Defense Budget.

The financing of defense expenditures without the agreement of the Russian Federation Ministry of Defense is not permitted.

Article 26. International Aspects of Defense

The Russian Federation, in organizing and providing defense, observes the standards of international law, the international treaties and agreements to which it is a party.

Military aid to other states is provided by the Russian Federation on the basis of international treaties to which it is a party. The designated aid and the other types of military-technical collaboration are carried out under the supervision of the Russian Federation Supreme Soviet.

International treaties on defense questions with the participation of the Russian Federation are to be ratified by the Russian Federation Supreme Soviet.

Article 27. Responsibility for Violating the Russian Federation Legislation on Defense Questions

Officials from the bodies of state authority and administration, the local self-governing bodies, the enterprises, institutions and organizations, regardless of their departmental affiliation and forms of ownership, and citizens guilty of the nonperformance of defense duties placed on them or impeding the carrying out of defense tasks bear disciplinary, administrative, civil law or criminal liability in accord with the Russian Federation Legislation.

[Signed] President of the Russian Federation,
B. Yeltsin
Moscow,
House of Russian Soviets
24 September 1992
No 3531-1

Law on Changes in Civil Code

925D0694A Moscow ROSSIYSKAYA GAZETA in Russian 8 Aug 92 p 6

["Law of the Russian Federation: On Making Changes and Additions to the RSFSR Civil Code"]

[Text] **Article 1.** To make the following changes and additions to Article 7 of the RSFSR Civil Code (VEDOMOSTI VERKHOVNOGO SOVETA RSFSR, 1964, No. 24, p. 406; VEDOMOSTI SYEZDA NARODNYKH DEPUTATOV RSFSR I VERKHOVNOGO SOVETA RSFSR, 1991, No. 15, p. 494):

1) in Part 2 after the words "in those mass media" add the words "according to the procedure established by law";

2) word Part 5 in the following as follows:

"A citizen (or his legal representative) or organization regarding whom the mass media has disseminated information that is false or encroaches on his rights or legitimate interests has the right to a response (commentary, rejoinder) in that same mass medium according to the procedure envisioned by law.".

Article 2. To enact the present law from the moment of its publication.

[Signed] President of the Russian Federation B. Yeltsin
Moscow,
House of Soviets of Russia
24 June 1992
No. 3119/1-I

Law on Changes to Law on Mineral Resources

925D0694B Moscow ROSSIYSKAYA GAZETA in Russian 8 Aug 92 p 6

["Law of the Russian Federation: On Making Changes and Additions to the Law of the Russian Federation 'On Mineral Resources'"]

[Text] **Article 1.** To make the following changes and additions to the law of the Russian Federation "On Mineral Resources":

1. Add to Part 1 of Article 12 a new Point 1 with the following wording:

"1) information on the licensed user of mineral resources;"

Count Points 1-8 of Part 1 of Article 12 as Points 2-9.

2. In Part 2 of Article 13 replace the words "issuing of a license" with the words "conducting and conditions for a competition or auction."

3. Add to Part 2 of Article 16 after the words "work related to" the words "conducting competitions (auctions) and".

4. Eliminate Part 4 of Article 36.

5. Word the last paragraph of Part 2 of Article 49 as follows:

"bear criminal liability in keeping with legislation of the Russian Federation and also administrative liability in keeping with legislation of the Russian Federation and the republics of the Russian Federation."

6. In Part 1 of Article 51 after the word "organizations" eliminate the word "citizens" and after the words "power and administration" add the words "officials and".

Article 2. To enact the present law as of the day of its publication.

[Signed] President of the Russian Federation B. Yeltsin
Moscow,
House of Soviets of Russia
26 June 1992
No. 3134-1

Law Establishes Transition Period for Territorial Demarcation

925D0694C Moscow ROSSIYSKAYA GAZETA in Russian 8 Aug 92 p 6

["Law of the Russian Federation: On Establishing a Transition Period for State-Territorial Demarcation in the Russian Federation"]

[Text] Having considered the legislative proposal of the president of the Russian Federation and taking into account the aggravation of the sociopolitical situation and international relations and the altered legal foundations of the state structure in the Russian Federation after the signing of the Federation Treaty and also the lack of balanced mechanisms for state-territorial demarcation in Russia and the territorial rehabilitation of repressed peoples, the Supreme Soviet of the Russian Federation decrees:

Article 1. To establish a transition period for state-territorial demarcation in the Russian Federation until 1 July 1995.

During the transition period:

to prepare and implement the necessary legal and organizational measures aimed at resolving territorial disputes only though reconciliation of the parties' interests on the basis of legislation in effect;

to develop legislative acts of the Russian Federation concerning borders in the Russian Federation and the procedure for resolving issues related to changes in the state-territorial and administrative-territorial division of the Russian Federation.

Article 2. On the basis of Part 2 of Article 6 of the RSFSR law "On Rehabilitation of Repressed Peoples," to establish a transition period for effecting territorial rehabilitation of repressed peoples within the time period indicated in Part 1 of Article 1 of the present law.

Territorial rehabilitation of repressed peoples is carried out on the basis of individual legislative acts of the Supreme Soviet of the Russian Federation adopted with respect to each repressed people while observing the rights and interests of other peoples inhabiting the corresponding territories.

The state commissions formed by the government of the Russian Federation for executing the RSFSR law "On Rehabilitation of Repressed Peoples" are to organize the work for coordinating the territorial interests of the parties and submit appropriate proposals regarding territorial rehabilitation of repressed peoples.

Article 3. Arbitrary seizure of territory and change in territorial borders are prohibited.

Any actions aimed at arbitrary seizure of territories and change of borders in the Russian Federation are crimes against Russia and entail criminal liability in keeping with legislation in effect.

Article 4. To place responsibility for execution of the present law on organs of state power and administration of the Russian Federation, the republics of the Russian Federation, and the krays, oblasts, autonomous oblast, and cities of Moscow and St. Petersburg.

Article 5. To enact the present law from the moment of its publication.

[Signed] President of the Russian Federation B. Yeltsin
Moscow,
House of Soviets of Russia
3 July 1992
No. 3198-1

Law on Subventions to Republics, Oblasts

925D0694D Moscow ROSSIYSKAYA GAZETA in Russian 8 Aug 92 p 6

["Law of the Russian Federation: On Subventions for Republics of the Russian Federation, Krays, Oblasts, the Autonomous Oblast, Autonomous Okrugs, and the Cities of Moscow and St. Petersburg"]

[Text] The present law establishes the legal foundations for rendering centralized financial aid to the republics of the Russian Federation, krays, oblasts, autonomous oblast, autonomous okrugs, and the cities of Moscow and St. Petersburg.

Section I. General Provisions

Article 1. The concept and kinds of subventions

1. Financial aid to the republics of the Russian Federation, krays, oblasts, autonomous oblast, autonomous

okrugs, and the cities of Moscow and St. Petersburg is granted in the form of subventions from the federal budget and nonbudget funds for purposes of equalizing the levels of economic development of the regions of the Russian Federation.

2. In the present law subventions are understood to mean the fixed volume of state funds allotted on a nonreimbursable basis for special-purpose financing (reimbursement) of expenditures from the budgets of the national-state and administrative-territorial formations.

3. Current subventions include those aimed at financing current expenditures. Investment subventions include those aimed at financing investment and innovative activity and other expenditures related to expanded reproduction.

Article 2. General conditions for granting and utilizing subventions

1. Subventions are used for financing specific measures implemented on the territories of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg.

Subvention financing is carried out in the form of shared participation of the federal budget or nonbudget funds in the corresponding expenditures from the budgets of national-state and administrative-territorial formations and does not apply to measures fully financed with money from the federal budget, including measures envisioned by the RSFSR law "On Social Development of Rural Areas." The use of subventions does not lead to a change in the forms of ownership of the objects and projects financed with them.

2. The purpose, volume, recipient, procedure, and conditions for granting subventions are established in keeping with legislation of the Russian Federation by the organ granting the subvention.

3. The organ granting the subventions has the right to monitor their use. The recipient of the subventions is obligated to report on their use in keeping with the established procedure.

Article 3. Responsibility for observing conditions for granting and using subventions

1. A subvention that is not used by the deadline or used for other than its intended purpose is subject to return to the organ that granted it When there are violations of conditions for granting and using subventions they are no longer granted.

2. The return of a subvention or early termination of subvention financing are carried out on the basis of a decision of the organ that granted the subvention. The decision to return the subvention must be made no later than three months after the receipt of the reports on the use of the subvention or upon expiration of the report period.

3. The return of the subvention cannot be appealed and is submitted with funds of the recipient of the subvention within three months after the adoption of the corresponding decision

Section II. Granting and Using Subventions From the Federal Budget

Article 4. The purpose of subventions from the federal budget

1. Subventions from the federal budget for the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg are granted by the Ministry of Finance of the Russian Federation.

2. Current subventions from the federal budget are intended for equalizing the conditions for financing with money from the budgets of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg of statewide expenditures assigned to them. Additionally, statewide social expenditures include current expenditures on sociocultural measures, maintenance of budget organizations, and social protection of the population which are subject to priority budget financing.

3. Investment subventions from the federal budget are intended for equalizing conditions for financing with funds from the budgets of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg of statewide capital investments assigned to them. Additionally, statewide capital investments include capital investments for the development of the social infrastructure, protection of the environment, and comprehensive development of the territory which are subject to priority budget financing.

Article 5. Recipients of subventions from the federal budget

1. Subventions from the federal budget are granted to organs of executive power of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg, which have been assigned responsibility for observance of the conditions for their use.

2. Current and investment subventions from the federal budget are included, correspondingly, in the republic budgets for current expenditures and the budgets for development of the republics of the Russian Federation, the kray and oblast budgets for current expenditures and the budgets for development of krays and oblasts, the oblast budget for current expenditures and the budget for development of the autonomous oblast, the okrug budgets for current expenditures and the budgets for the development of the autonomous okrugs, the city budgets

for current expenditures and the budgets for the development of the cities of Moscow and St. Petersburg with distribution among the various items and measures.

3. By a decision of the organs of representative power of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg, some of the subventions from the federal budget may be used for financing state social expenditures or capital investments assigned to the local budgets unless otherwise stipulated by the conditions for granting the subventions. Changing the purpose of subventions sent to the local budgets is not allowed.

Article 6. The subvention fund

1. Subventions from the federal budget for republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg are granted from money from the fund for subventions from the federal budget.

2. The volume and distribution of subventions from the federal budget are considered and approved by the Supreme Soviet of the Russian Federation during item-by-item consideration and approval of the federal budget.

3. Subventions not used during the report year or returned are transferred into the fund for subventions from the federal budget for the next fiscal (budget) year after the report year.

Article 7. Conditions for granting current subventions from the federal budget

1. The right to receive current subventions from the federal budget is enjoyed by republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg where in the overall incomes of consolidated budgets the proportion of budget incomes necessary for financing statewide social expenditures exceeds the average for the Russian Federation.

2. The list of statewide social expenditures, the volumes and norms for their financing guaranteed by the Russian Federation, and the assignment of these expenditures to the corresponding levels of the budget system for the next fiscal year are established by the Ministry of Finance of the Russian Federation upon consideration and approval of the federal budget.

3. Current subventions from the federal budget are granted with the condition that they allot for financing the corresponding items of statewide social expenditures a share of the incomes of the consolidated budget of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg that is no less than the average for the Russian Federation.

Article 8. Procedure for granting current subventions from the federal budget

1. Requests from organs of representative power of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg for obtaining current subventions from the federal budget are submitted to the Audit-Budget Committee under the Supreme Soviet of the Russian Federation and the Ministry of Finance of the Russian Federation before 15 August of the year preceding the next fiscal year.

2. The Ministry of Finance of the Russian Federation before 15 September of the year preceding the given fiscal year submits for the consideration of the Supreme Soviet of the Russian Federation proposals concerning the volume of current subventions from the federal budget for the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg and their distribution among the various items of statewide social expenditures assigned to the corresponding budgets.

3. Current subventions from the federal budget approved by the Supreme Soviet of the Russian Federation must provide, in the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg which have the right to obtain them, for the volumes of financing for statewide social expenditures assigned to their budgets no less than the norms guaranteed by the Russian Federation.

Article 9. Conditions for granting investment subventions from the federal budget

1. Investment subventions from the federal budget may be granted to the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg whose budget incomes, according to a conclusion of the Ministry of Finance of the Russian Federation, are inadequate for financing the capital investments assigned to them.

2. The findings of the Ministry of Finance of the Russian Federation concerning the possibility of using budget funds for the development of republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg to finance statewide capital investments assigned to them are submitted for the consideration of the Supreme Soviet of the Russian Federation as part of the substantiated materials for proposals for granting investment subventions from the federal budget.

3. Investment subventions from the federal budget are granted only for investment projects and programs that have undergone expert evaluation and received the approval of the Ministry of the Economy of the Russian

Federation. The conditions and procedure for submitting investment projects and programs for expert evaluation are established by the Ministry of the Economy of the Russian Federation.

Article 10. The procedure for granting investment subventions from the federal budget

1. Requests from organs of representative power of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg for obtaining investment subventions from the federal budget, including expert findings from the Ministry of the Economy of the Russian Federation, are submitted to the Audit-Budget Committee under the Supreme Soviet of the Russian Federation and the Ministry of Finance of the Russian Federation before 15 August of the year preceding the regular fiscal year.

2. The Ministry of Finance of the Russian Federation before 15 September of the year preceding the regular fiscal year submits for the consideration of the Supreme Soviet of the Russian Federation proposals for granting investment subventions from the federal budget for specific investment projects and programs.

3. Proposals from the Ministry of Finance of the Russian Federation concerning granting investment subventions from the federal budget must be approved in the findings of the commission of the Soviet of Nationalities of the Supreme Soviet of the Russian Federation on questions of social and economic development of the republics of the Russian Federation, the autonomous oblast, the autonomous okrugs and small ethnic groups, the Commission for Social Policy of the Soviet of the Republic of the Russian Federation Supreme Soviet, the Russian Federation Supreme Soviet Committee for Questions of Interrepublic Relations, Regional Policy, and Cooperation, and also in the findings of the corresponding permanent commissions of the chambers and committees of the Supreme Soviet of the Russian Federation for specific investment projects and programs. The consolidated findings on granting investment subventions from the federal budget are submitted for the consideration of the Supreme Soviet of the Russian Federation by the Commission for Budget Plans, Taxes, and Prices of the Russian Federation Supreme Soviet Soviet of the Republic.

Article 11. Monitoring the use of subventions from the federal budget

1. Monitoring the use of subventions from the federal budget is the responsibility of the Audit-Budget Committee under the Supreme Soviet of the Russian Federation and the Ministry of Finance of the Russian Federation.

2. Organs of representative power of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg, within a month after the approval of the report on the execution of the corresponding budget, must submit to the Audit-Budget Committee under the Supreme Soviet of the Russian Federation and the Ministry of Finance of the Russian Federation a report on the use of the subventions that are received.

The forms for submitting reports are established by the Ministry of Finance of the Russian Federation in coordination with the Audit-Budget Committee under the Supreme Soviet of the Russian Federation.

3. The granting of subventions from the federal budget may be terminated in the event that the organs of representative power of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg violate the norms of tax and budget legislation of the Russian Federation.

Section III. Granting and Using Subventions from Nonbudget Funds

Article 12. Assignment of subventions from nonbudget funds

1. Subventions from nonbudget funds for republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg are assigned for enlisting additional funds for financing investment projects and programs carried out on their territories.

2. Subventions from nonbudget funds may not be used for financing current expenditures from budgets or reimbursement for losses sustained as a result of economic activity.

Article 13. Nonbudget funds for subvention financing

1. Nonbudget funds for subvention financing are created by a decision of the Supreme Soviet of the Russian Federation.

2. Nonbudget funds for subvention financing are created in order to attract additional money for financing measures of the state regional policy aimed at equalizing the levels of socioeconomic development of the regions of the Russian Federation, the assimilation of new territories, improvement of the environment, regulation of the process of migration of the population, and prevention and elimination of the consequences of natural disasters.

3. The sources of the formation and procedure for the use of money from the nonbudget fund for subvention financing and also the conditions for its activity are determined by the statute on the nonbudget fund. The statute on the nonbudget fund is approved by the Supreme Soviet of the Russian Federation.

4. Money from nonbudget funds for subvention financing are formed from:

transfer of federal money from nonbudget sources;

credits and loans, including foreign;

other revenues.

Article 14. Conditions for granting subventions from nonbudget funds

1. The right to receive subventions from nonbudget funds is enjoyed by organs of representative power of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg which, in keeping with the established procedure, have been assigned the status of regions of the Russian Federation in need of financial aid.

2. The conditions and deadlines for granting subventions from nonbudget funds to republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg which have the right to receive subventions from nonbudget funds are determined by statutes of nonbudget funds.

3. Subventions from nonbudget funds allotted to organs of representative power are credited to the corresponding items of the budget for the development of national-state and administrative-territorial formations or the nonbudget funds created by them.

4. The proportion of subventions from a nonbudget for a specific project or program may not exceed 80 percent of the capital investments of the recipient of the subventions used for implementing the investment project or program.

5. The overall number and amounts of subventions received by an organ of representative power at the same time from nonbudget funds are not limited.

Article 15. Monitoring the granting and use of subventions from nonbudget funds

1. Nonbudget funds for subvention financing are answerable for their activity to the Supreme Soviet of the Russian Federation.

2. Monitoring of the use of subventions from nonbudget funds is the responsibility of the Audit-Budget Committee under the Supreme Soviet of the Russian Federation and the Ministry of Finance of the Russian Federation.

3. Nonbudget funds providing subvention financing annually submit reports on their activity to the Supreme Soviet of the Russian Federation. The forms of the reports are established by the Ministry of Finance of the Russian Federation in coordination with the Audit-Budget Committee under the Supreme Soviet of the Russian Federation.

4. In order to monitor the activity of nonbudget funds, the Supreme Soviet of the Russian Federation may create supervisory commissions made up of people's deputies of the Russian Federation and specialists. The supervisory commission regularly hears information on the current work of the nonbudget funds, considers annual plans for the activity of the nonbudget funds and reports on their implementation, and submits to the Supreme Soviet of the Russian Federation findings concerning annual reports from nonbudget funds.

Section IV. Special Cases for Granting Subventions

Article 16. Subventions for the city of Moscow as the capital of the Russian Federation

1. Subventions for the city of Moscow as the capital of the Russian Federation are assigned for reimbursement for additional expenditures and losses from the city budget related to the performance by the city of Moscow of functions of the capital of the Russian Federation. Subventions are credited to the corresponding items of the city budget for current expenditures and the budget for the development of the city of Moscow.

2. Subventions for the city of Moscow as the capital of the Russian Federation are granted from the federal budget. The volume and purpose of the subventions are established by the Supreme Soviet of the Russian Federation from the results of the consideration of proposals from the Moscow City Soviet of People's Deputies or their authorized organ.

Article 17. Subventions for reimbursement for unforeseen expenditures

1. Subventions for reimbursement for unforeseen expenditures from the budgets of the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg related to cleaning up after natural disasters and catastrophes, epidemics, mass disturbances, and other extraordinary situations are granted to the corresponding organs of executive power by a decision of the government of the Russian Federation.

2. Subventions for reimbursement for unforeseen expenditures are granted from reserve funds of the government of the Russian Federation and also targeted deductions from the federal budget allotted by the Supreme Soviet of the Russian Federation at the suggestion of the government of the Russian Federation.

[Signed] President of the Russian Federation B. Yeltsin
Moscow,
House of Soviets of Russia
15 July 1992
No. 3303-1

Decree on Enactment of Law on Subventions to Republics, Oblasts

925D0694E Moscow ROSSIYSKAYA GAZETA in Russian 8 Aug 92 p 6

["Decree of the Supreme Soviet of the Russian Federation: On the Procedure for Enactment of the Law of the Russian Federation 'On Subventions to Republics of the

Russian Federation, the Krays, Oblasts, and Autonomous Oblast, the Autonomous Okrugs, and the Cities of Moscow and St. Petersburg'"]

[Text] The Supreme Soviet of the Russian Federation decrees:

1. To enact the law of the Russian Federation "On Subventions to Republics of the Russian Federation, the Krays, Oblasts, and Autonomous Oblast, the Autonomous Okrugs, and the Cities of Moscow and St. Petersburg" from the moment of its publication, with the exception of provisions determining the procedure and conditions for the allotment of subventions from the federal budget.

The procedure and conditions for allotting subventions from the federal budget to the republics of the Russian Federation, the krays, oblasts, and autonomous oblast, the autonomous okrugs, and the cities of Moscow and St. Petersburg are applied beginning 1 January 1993.

2. The government of the Russian Federation is to:

submit in keeping with the established procedure to the Supreme Soviet of the Russian Federation proposals for bringing legislative acts of the Russian Federation into line with the law of the Russian Federation "On Subventions to republics of the Russian Federation, the Krays, Oblasts, and Autonomous Oblast, the Autonomous Okrugs, and the Cities of Moscow and St. Petersburg";

bring decisions of the government of the Russian Federation into line with the aforementioned law.

[Signed] Chairman of the Supreme Soviet of the Russian Federation R.I. Khasbulatov
Moscow,
House of Soviets of Russia
15 July 1992
No. 3304-1

Law on Recalculation of Fines for Administrative Legal Violations

925D0694F Moscow ROSSIYSKAYA GAZETA in Russian 8 Aug 92 p 6

["Law of the Russian Federation: On the Procedure for Recalculating the Amounts of Fines Envisioned by the RSFSR Code on Administrative Legal Violations"]

[Text] **Article 1.** In the future until the adoption of the fundamentals of legislation of the Russian Federation on administrative legal violations, to be guided by the following procedure for recalculating the amounts of fines expressed in firm sums:

if the upper limit of the fine does not exceed:

—10 rubles [R], to consider it equal to one-tenth of the minimum monthly wage established by legislation of the Russian Federation as of the time of the commission of the legal violation, and the amount of the fine imposed may not be less than R25.

—R30, to consider it equal to one-third of the minimum wage, and the amount of the fine imposed may not be less than R50;

—R50, to consider it equal to one-half of the minimum wage, and the amount of the fine imposed may not be less than one-tenth of the minimum wage;

—R100, to consider it equal to one minimum wage, and the amount of the fine imposed may not be less than one-third of the minimum wage;

—R200, to consider it equal to twice the minimum wage, and the amount of the fine imposed may not be less than one-half the minimum wage;

—R300, to consider it equal to three times the minimum wage, and the amount of the fine imposed may not be less than one minimum wage;

—R500, to consider it equal to five times the minimum wage, and the amount of the fine imposed may not be less than twice the minimum wage;

—R1,000, to consider it equal to seven times the minimum wage, and the amount of the fine imposed may not be less than three times the minimum wage;

—R3,000, to consider it equal to 10 times the minimum wage, and the amount of the fine imposed may not be less than four times the minimum wage.

Article 2. To enact the present law from the moment of its publication.

[Signed] President of the Russian Federation B. Yeltsin
Moscow,
House of Soviets of Russia
14 July 1992
No. 3293-1

ECONOMIC & SOCIAL AFFAIRS

Law on Amendments, Additions to RSFSR Code of Labor Laws

Text of Law

935D0020A Moscow ROSSIYSKAYA GAZETA in Russian 6 Oct 92 pp 4-6

[Text of Russian Federation law, under the rubric "Official Department": "On Amendments and Additions to the RSFSR Code of Labor Laws"]

[Text]

Article 1. For the purpose of bringing the RSFSR Code of Labor Laws (Gazette of the RSFSR Supreme Council, 1971, No. 50, Article 1007; 1973, No. 39, Article 825; 1974, No. 30, Article 806; 1977, No. 1, Article 1; 1980,

No. 34, Article 1063; 1982, No. 47, Article 1725; 1983, No. 51, Article 1782; 1985, No. 4, Article 117; 1986, No. 23, Article 636; 1987, No. 29, Article 1060; 1988, No. 8, Article 168, No. 14, Article 395; Gazette of the Council of People's Deputies of the Russian Federation and the Supreme Council of the Russian Federation, 1992, No. 14, Article 712) into agreement with the legislation of the Russian Federation and the legislation of the former USSR effective on its territory, as well as for the purpose of improving regulation of labor relations during the transition to a market economy, the following amendments and additions shall be made in the RSFSR Code of Labor Laws:

1. Call the RSFSR Code of Labor Laws the Russian Federation Code of Labor Laws.

2. Delete the preamble.

3. In the title and text of Article 1, replace the word "RSFSR" with the words "Russian Federation."

4. Set forth Article 2 in the following wording:

"**Article 2.** Basic Labor Rights and Obligations of Workers

"In accordance with the Constitution of the Russian Federation, or Russia, each person has the right to freely chosen and freely agreed upon work, the right to apply his own working abilities as he sees fit and to choose his own profession and type of activity, as well as the right to protection against unemployment.

"Forced labor is prohibited.

"Each worker has the right:

"to working conditions that meet safety and hygiene requirements;

"to compensation for loss incurred by damage to his health in connection with work;

"to equal reward for equal labor without any type of discrimination whatsoever and not below the minimum established by law;

"to time off, ensured by a maximum length of work, a shortened working day for several professions and jobs, the provision of days off every month and of holidays, as well as an annual paid vacation;

"to associate in trade unions;

"to social provision on the basis of age, upon the loss of able-bodiedness, and in other instances established by law;

"to legal defense of his labor rights.

"The worker is obligated:

"to fulfill his labor obligations conscientiously;

"to observe labor discipline;

"to treat the property of the enterprise, institution, or organization carefully;

"to fulfill the established labor norms."

5. From Article 3, delete the words "USSR and RSFSR" and the words "applied on the basis of and in accordance with the Kolkhoz Model Charter and the Cooperative Model Charter."

6. Set forth Article 4 in the following wording:

"**Article 4.** Labor Legislation

"The labor legislation of the Russian Federation consists of the present Code and other acts of labor legislation of the Russian Federation and the republics belonging to the Russian Federation.

"On the territory of the Russian Federation, until the passage of corresponding legislative acts, the norms of the former USSR shall apply insofar as they do not contradict the Constitution and legislation of the Russian Federation, as shall international agreements (treaties) to which the Russian Federation is party."

7. From the first part of Article 5, delete the words "USSR and RSFSR."

8. Delete Article 6.

9. Set forth Article 7 in the following wording:

"**Article 7.** Collective Agreement

"A collective agreement is a legal act regulating labor, socioeconomic, and professional relations between an employer and the workers in an enterprise, institution, or organization.

"The procedure for drafting and concluding a collective agreement shall be regulated by the Law of the Russian Federation 'On Collective Agreements and Accords.'"

10. Delete Articles 8-14.

11. Set forth the title of Chapter III in the following wording:

"Labor Agreement (Contract)."

12. In Article 15:

a) set forth the title of the article in the following wording:

"Parties to and Content of the Labor Agreement (Contract)";

b) after the words "labor agreement," add to the text the word "(contract)"

13. In Article 16:

a) set forth the second part in the following wording:

"No direct or indirect limitations on rights or establishment of direct or indirect advantages whatsoever in hiring with respect to gender, race, nationality, language, social origin, property status, place of residence, attitude toward religion, convictions, membership in public associations, or other circumstances not connected with the practical qualities of workers shall be permitted."

b) add to the article a third part of the following content:

"Distinctions, exceptions, preferences, and restrictions on hiring made that are determined by requirements inherent in the type of work or conditioned by a particular concern of the state about persons in need of augmented social and legal defense do not constitute discrimination."

14. In Article 17:

a) add to the title of the article, after the words "labor agreement," the word "(contract)";

b) add to the first part, after the words "labor agreement," the word "(contract)";

c) in point 2, replace the words "not more than three years" with the words "not more than five years";

d) add to the article a second part of the following content:

"A fixed-period labor agreement (contract) shall be concluded in instances when labor relations cannot be established for an indefinite period due to the nature of the proposed work, or the conditions of its performance, or the interests of the worker, as well as in instances directly envisaged by the law."

15. In Article 18:

a) set forth the title of the article in the following wording:

"Conclusion of the Labor Agreement (Contract)";

b) set forth the second part in the following wording:

"The labor agreement (contract) shall be concluded in written form."

16. In Article 20:

a) add to the first part, after the words "at the same," the words "state or municipal";

b) in the second part, replace the words "RSFSR Council of Ministers" with the words "Council of Ministers of the Russian Federation."

17. Add to the first part of Article 21, after the words "labor agreement," the word "(contract)."

18. Delete from Article 22 the words "USSR and RSFSR."

19. In Article 23:

a) add to the first part, after the words "labor agreement," the word "(contract)."

b) delete from the second part the words "and in corresponding instances (Article 220) to an organ of higher standing."

20. Add to the title and text of Article 24, after the words "labor agreement," the word "(contract)."

21. In Article 25:

a) in the first part, replace the words "26, 27, and 135" with the words "26 and 27";

b) add to the second part, after the words "labor agreement," the word "(contract)";

c) add to the fourth part, after the words "labor agreement," the word "(contract)";

22. Add to the first part of Article 26, after the words "labor agreement," the word "(contract)."

23. In Article 29:

a) add to the title of the article and the first part, after the words "labor agreement," the word "(contract)";

b) set forth the second part in the following wording:

"The transfer of an enterprise, institution, or organization from the subordination of one organ to the subordination of another does not nullify the labor agreement (contract). In the case of a change of owner of an enterprise, or of its reorganization (merger, annexation, division, transformation), labor relations, with the approval of the worker, shall continue; cancellation in such instances of the labor agreement (contract) at the initiative of the administration is possible only if there is a decrease in the number or staff of workers."

24. Add to the title and text of Article 30, after the words "labor agreement," the word "(contract)."

25. In Article 31:

a) add to the title of the article, after the words "labor agreement," the word "(contract)";

b) set forth the first part in the following wording:

"Workers have the right to break a labor agreement (contract) concluded for an unfixed period after they have so informed the administration in writing two weeks in advance";

c) set forth the second part in the following wording:

"In instances when the worker's voluntary declaration of resignation is conditioned by the impossibility of his continuing the work (enrollment in an educational institution, retirement to a pension, and other instances), the administration shall break the labor agreement (contract) within the period of time the worker requests.";

d) add to the fourth part, after the words "labor agreement," the word "(contract)."

26. In Article 32:

a) add to the title of the article, after the words "labor agreement," the word "(contract)";

b) add to the text, after the words "labor agreement," the word "(contract)," after the word "agreement" add the word "(contract)" [both in dative case], and after the words "labor agreement" add the word "(contract)."

27. In Article 33:

a) in the name of the article, after the words "labor agreement" add the word "(contract)."

b) in the first part, after the words "labor agreement" add the word "(contract)" and after the words "labor agreement" [in the instrumental case] add the word "(contract)" [in the instrumental case].

c) delete from point 5 the word "USSR."

28. Add to the second part of Article 34 the words "inventors; workers who were servicemen, ensigns, warrant officers, or officers who volunteered for additional service and were put into the reserves or discharged—to the same job they took at first after actual discharge, individuals who have had radiation sickness or other illnesses connected with a radiation load incurred as a consequence of the Chernobyl disaster, invalids for whom a causal relationship has been established between the onset of disability and the Chernobyl disaster, participants in the clean-up of the Chernobyl disaster in the restricted zone in the years 1986-90, as well as individuals evacuated from the restricted zone and resettled from the zone of outsettlement and other comparable individuals."

29. Set forth Article 35 in the following wording:

"**Article 35.** Cancellation of a Labor Agreement (Contract) at the Initiative of the Enterprise, Institution, or Organization Administration, with the Advance Agreement of the Respective Elective Trade Union Organ

"Cancellation of the labor agreement (contract) on grounds envisaged in points 1 (other than instances of eliminated enterprises, institutions, or organizations), 3, and 5 of Article 33 of the present Code shall take place with the advance agreement of the respective elective trade union organ.

"The agreement of the respective elective trade union organ to the cancellation of a labor agreement (contract) on grounds indicated in the first part of the present article is not required in the following instances:

"dismissal from an enterprise, institution, or organization where there is no respective elective trade union organ;

"dismissal of a director of an enterprise, institution, or organization (their affiliates, representatives, departments, and other distinct subdivisions) or his deputies who supervise workers and were elected, approved, or appointed to their post by the organs of state power and administration, as well as by public organizations and other civic associations.

"The respective elective trade union organ shall inform the administration in writing of its decision within 10 days of receipt of the written statement of the director of the enterprise, institution, or organization.

"The administration has the right to cancel a labor agreement (contract) up until one month after the day of receipt of agreement from the respective elective trade union organ."

30. Add to Article 36, after the words "labor agreement," the word "(contract)" and, after the words "exit subsidy in the amount of," the words "no less than."

31. In Article 37:

a) add to the title of the article, after the words "labor agreement," the word "(contract)";

b) add to the first part, after the words "labor agreement," the word "(contract)";

c) delete the second part.

32. Delete from the first part of Article 38 the words "USSR and RSFSR."

33. Add to the fourth part of Article 39, after the words "labor agreement," the word "(contract)."

34. Set forth the title of Chapter 111-A in the following wording:

"Provision of Employment and Guarantees of the Exercise of the Citizen's Right to Work."

35. Set forth Article 40^1 in the following wording:

"**Article 40^1.** Guarantees of the Exercise of the Citizen's Right to Work

"The state guarantees citizens permanently residing on the territory of the Russian Federation:

"freedom of choice of type of employment, including jobs with various work schedules:

"free assistance in choosing suitable work and job placement from the federal employment service;

"offers by enterprises, institutions, and organizations of suitable work to graduates of educational institutions in accordance with their previously submitted applications;

"free training in a new profession (specialty) and improvement of qualifications either inside the employment service system or by sending the individual to other educational institutions with the payment of a scholarship;

"compensation in accordance with legislation for material expenditures related to job placement in another locale at the suggestion of the employment service;

"the possibility of concluding fixed-period labor agreements (contracts) for participation in paid public works arranged with consideration for the age or other characteristics of citizens;

"legal protection against unsubstantiated dismissal.

"Legal, economic, and organizational conditions of employment provision and the guarantee of the exercise of citizen's right to work shall be determined by legislation."

36. Set forth Article 40^2 in the following wording:

"**Article 40^2.** Grounds and Procedure for the Dismissal of Workers

"Workers may be dismissed from enterprises, institutions, or organizations in connection with their elimination or the implementation of undertakings to decrease numbers or staff.

"Workers shall be warned of impending dismissal and shall personally acknowledge that warning at least two months in advance.

"The administration of enterprises, institutions, and organizations shall present to the respective trade union organ information about a possible mass dismissal of workers in a timely fashion, at least three months in advance.

"Upon the dismissal of workers in connection with a decrease in numbers or staff, the priority for retaining a job envisaged by Article 34 of the present Code and the collective agreement shall be taken into consideration.

"Simultaneously with the warning of a dismissal in connection with a decrease in numbers of staff, the administration shall offer the worker another job in the same enterprise, institution, or organization.

"The worker has the right to choose a new place of work by directly appealing to other enterprises, institutions, or organizations or through the free intervention of the employment service.

"The administration is obligated, at least two months in advance, to bring information about the impending dismissal of each specific worker to the attention of the local employment service organ with an indication of the worker's profession, specialty, qualifications, and salary."

37. Add to the first part of Article 40^3, after the words "labor agreement," the word "(contract)."

38. Delete Article 41.

39. In Article 42, replace the words "41 hours" with the words "40 hours."

40. Set forth Article 43 in the following wording:

"**Article 43.** Curtailed Work Hours for Workers Less Than Eighteen Years Old

"For workers who have not reached the age of eighteen years, the work hours shall be curtailed:

"1) from age 16 years to 18 years, to not more than 36 hours per week;

"2) from age 15 to 16 years, as well as for students from 14 to 15 years working during vacation, to not more than 24 hours per week.

"Work hours for students working during the school year outside school hours may not exceed half the norm established in the first part of the present article for individuals of the corresponding age."

41. Set forth Article 45 in the following wording:

"**Article 45.** Curtailed Work Hours for Individual Categories of Workers

"Legislation shall establish curtailed work hours for individual categories of workers (teachers, physicians, women working in rural locales, and others)."

42. In the second part of Article 46, replace the words "41 hours" with the words "40 hours."

43. In the third part of Article 48, replace the words "at the age of up to two years" with the words "at the age of up to three years."

44. In the first part of Article 49, set forth the second proposition in the following wording:

"At the request of a pregnant woman, a woman with a child up to age 14 years (a disabled child up to 16 years), including her dependents, or individuals caring for an ill member of the family in accordance with a medical conclusion, the administration is required to establish for them a shortened working day or shortened working week."

45. In Article 54:

a) delete from the second part the word "USSR";

b) in the third part, replace the words "at the age of up to two years" with the words "at the age of up to three years";

c) in the fourth part, replace the words "from two to eight years" with the words "from three to 14 years (a disabled child up to 16 years)."

46. Delete from the second part of Article 63 the word "USSR."

47. Set forth the first part of Article 64 in the following wording:

"Work on days off shall be compensated for with another day off or, on the agreement of the parties, in monetary form, but at least a double amount."

48. In Article 65:

a) set forth the first part in the following wording:

"Work shall not be performed in enterprises, institutions, and organizations on the following holidays:

"1 and 2 January—New Year's,

"7 January—Christmas,

"8 March—International Women's Day,

"1 and 2 May—Spring and Labor Holiday,

"9 May—Victory Day,

"12 June—Day of the passage of the Declaration of State Sovereignty of the Russian Federation,

"7 November—Anniversary of the Great October Socialist Revolution."

b) add to the article a third part of the following content:

"When a day off and holiday coincide, the day off is taken on the day following the holiday."

49. The first part of Article 67 is set forth in the following version:

"Annual paid leave shall be given to workers who have worked at least 24 working days, based on a six-day work week. The procedure for calculating the length of the annual paid leave shall be determined by legislation."

50. Add to point 5 of Article 68, after the words "envisaged by legislation," the words "and collective agreements or other local normative acts."

51. Delete Article 69.

52. In point 3 of Article 72, replace the words "one year" with the words "one and one-half years."

53. Set forth Article 77 in the following wording:

"**Article 77.** Payment for Labor

"The wage of each worker depends on his personal labor contribution and the quality of his work and is not limited to any maximum amount.

"Any reduction in wage for a worker on the basis of the worker's gender, age, race, nationality, attitude toward religion, or membership in public associations is prohibited."

54. Set forth Article 78 in the following wording:

"**Article 78.** Minimum Wage

"The monthly wage for workers who have worked the full standard working time and carried out the labor obligations (labor norms) determined for that period may not be lower than the minimum wage established by the Supreme Council of the Russian Federation.

"The minimum wage does not include additions or raises, nor does it include bonuses or other incentive payments."

55. Delete Article 79.

56. Set forth Article 80 in the following wording:

"**Article 80.** Wages for Workers

"Wages for workers may be based on wage rates or may be based on a non-wage system if the enterprise, institution, and organization consider such a system the most expedient.

"The type and system of wages, the amounts of wage rates, bonuses, and other incentive payments, as well as their correlation among individual categories of personnel of an enterprise, institution, or organization, shall be determined independently and fixed in collective agreements and other local normative acts."

57. Set forth Article 81 in the following wording:

"**Article 81.** Wages for Directors, Specialists, and Office Workers

"Wages for directors, specialists, and office workers shall be generated, as a rule, on the basis of official wage rates.

"Official wage rates shall be established by the administration of the enterprise, institution, or organization according to the position and qualifications of the worker.

"Enterprises, institutions, and organizations may establish for directors, specialists, and office workers another type of wages (percentage of earnings, profit shares, or others)."

58. Add to the Code an Article 81^1 of the following content:

"**Article 81^1.** Wage Indexation

"Wage indexation for workers in enterprises, institutions, and organizations shall be generated according to the procedure established by the Law of the RSFSR 'On Indexation of the Monetary Income and Savings of Citizens in the RSFSR.'"

59. Delete the fourth part of Article 83.

60. In Article 85, replace the words "in one month" with the words "in two months."

61. Add to the Code an Article 85[1] of the following content:

"**Article 85[1].** Payment for Deviation from Normal Working Conditions

"If jobs are performed in working conditions that deviate from normal conditions (if jobs are performed with different qualifications, combining professions, during overtime, at night, or on holidays, and others), the enterprises, institutions, and organizations are obligated to pay workers a corresponding additional payment. The amounts of the additional payments and the conditions of their payment shall be established by the enterprises, institutions, and organizations independently and fixed in collective agreements (clauses on wages). In this, the amounts of the additional payments may not be lower than those established by legislation."

62. Delete from the second part of Article 86 the sentence "Payment shall be generated upon the fulfillment of the output work norm and in the presence of a difference in ranks of at least two ranks."

63. In Article 87:

a) in the first part, after the words "labor agreement," add the word "(contract)";

b) in the second part, replace the words "with the agreement of the trade union committee of the enterprise, institution, or organization in accordance with the legislation of the USSR" with the words "with the agreement of the parties."

64. In Article 88:

a) set forth the first part in the following wording:

"Work outside normal working hours shall be recompensed for the first two hours at a rate of at least one and one-half times the normal rate and for all succeeding hours at a rate of at least two times the normal rate.";

b) delete the second part.

65. Set forth the first part of Article 89 in the following wording:

"Work on holidays (second part of Article 65) shall be recompensed at a rate of at least two times the normal rate:

"1) for piece-workers, at a rate of at least two times the piece rate;

"2) for workers whose labor is recompensed at hourly or daily rates, at a rate of at least two times the hourly or daily rate;

"3) for workers who receive a monthly wage, at a rate of at least a single hourly or daily rate over and above the wage if the work on a holiday was performed within the limits of the monthly norm for working time, and at least a doubled hourly or daily rate over and above the wage if the work performed was above the monthly norm."

66. Set forth Article 90 in the following wording:

"**Article 90.** Wages for Night Work

"Night work (Article 48) shall be recompensed in an elevated amount established by collective agreement (the wage clause) with the enterprise, institution, or organization, but not less than the amount envisaged by legislation."

67. In Article 91, replace the words "determined by legislation of the USSR" with the words "not less than the amount established by legislation."

68. Delete from Article 92 and the first part of Article 93 the words "In accordance with the legislation of the USSR."

69. In Article 94:

a) delete from the first part the words "In accordance with the legislation of the USSR";

b) set forth the third part in the following wording:

"For the period of training in a new production process, an additional payment can be generated for workers up to their former average salary in a procedure and in conditions determined by collective agreement."

70. Delete from the second part of Article 96 the words "USSR and resolutions of the Council of Ministers of the RSFSR."

71. Delete Articles 101 and 109.

72. Set forth Article 110 in the following wording:

"**Article 110.** Guarantees for Workers Elected to Elective Office in State Organs

"Workers on leave from work as a consequence of their election to elective office in state organs shall, upon conclusion of their authorities in elective office, be offered their former job (position) and, in its absence, another job (position) of equal value at the same or, with the worker's agreement, another enterprise, institution, or organization."

73. In Article 111:

a) delete from the first part the words "USSR and RSFSR";

b) set forth the second part in the following wording:

"Workers who have been drafted to fulfill their military obligations shall be presented with the guarantees and benefits envisaged by legislation.";

c) delete from the third part points 3 and 5, and in point 9 delete the words "USSR and RSFSR";

d) renumber points 4, 6, 7, 8, and 9 as points 3, 4, 5, 6, and 7,

74. Delete from the fifth part of Article 116, the second part of Article 118, and the second part of Article 119 the word "USSR"; delete from the fifth part of Article 118 the words "in the distribution procedure"; delete from the second part of Article 118 the words "and 120," and replace the word "article" with the word "articles."

75. Delete Article 120.

76. In Article 121:

a) delete from the first part the word "USSR";

b) set forth point 1 in the following wording:

"1) when damage has been inflicted by the criminal actions of the worker as established by a court verdict;";

b) delete from point 2 the word "USSR."

77. Delete from Article 121^1 the words "In accordance with legislation of the USSR," and replace the words "Council of Ministers of the USSR" with the word "legislation."

78. In the third part of Article 121^2, replace the words "in accordance with the legislation of the USSR shall be confirmed by the USSR State Committee on Labor and Social Issues in conjunction with the AUCCTU" with the words "shall be confirmed according to the procedure determined by legislation."

79. Set forth the second part of Article 121^2 in the following wording:

"Upon the theft, shortage, purposeful destruction, or purposeful damage of material assets, the extent of damage shall be determined on the basis of prices in effect in the given locale on the day the damage was inflicted."

80. In the fourth part of Article 122, replace the word "enterprises" with the words "state and municipal enterprises."

81. Delete from the first part of Article 124 and the first part of Article 125 the words "USSR and RSFSR."

82. In Article 127, replace the words "protect and strengthen socialist property" with the words "treat the property of the enterprise, institution, or organization carefully."

83. Set forth Article 130 in the following wording:

"**Article 130.** Labor Regulations. Regulations and Statutes on Discipline

"The labor routine in enterprises, institutions, and organizations shall be determined by labor regulations approved by a general assembly (conference) of workers of the enterprise, institution, or organization on the basis of a statement of the administration.

"In certain branches of the economy, for individual categories of workers, regulations and statutes on discipline shall be in effect."

84. In Article 131:

a) delete from the first part the words "successes in socialist competition";

b) in the second part, replace the words "routine and by the regulations on discipline" with the words "routine, and by the regulations and statutes on discipline."

85. In Article 135:

a) delete point 4 from the first part, renumber point 5 as point 4, and set it forth in the following wording:

"4) dismissal (points 3, 4, 7, and 8 of Article 33 and point 1 of Article 254),";

b) in the second part, replace the words "regulations on discipline" with the words "regulations and statutes on discipline."

86. Set forth Article 136 in the following wording:

"Before the application of disciplinary punishment, a written explanation is required from the worker.

"Disciplinary punishment shall be imposed immediately following the discovery of the misdemeanor, but not later than one day after the day of its disclosure, not counting any time the worker spends ill or on leave.

"Punishment may not be imposed later than six months after the day of commission of the misdemeanor, and if based on the results of an inspection or an auditing of his financial-economic activities, not later than two years after the day of its commission. The indicated terms do not include the time required to draw up the criminal case.

"Only one disciplinary punishment may be imposed for each misdemeanor.

"The decree (instruction) or resolution about the imposition of disciplinary punishment with an indication of motives for its imposition shall be announced (reported) to the worker subject to the punishment, who shall sign to acknowledge receipt.

"A disciplinary punishment may be appealed according to the procedure established by legislation.

"The organ examining the labor dispute has the right to take into consideration the severity of the misdemeanor committed, the circumstances in which it was committed, the previous behavior of the worker, his attitude toward work, as well as the correlation between the disciplinary punishment and the severity of the misdemeanor committed."

87. In Article 137:

a) set forth the second part in the following wording:

"Disciplinary punishment may be lifted before the expiration of the year of its imposition by an organ or official at his own initiative or at the intervention of an indirect supervisor or labor collective if the worker subjected to the disciplinary punishment has not committed a new misdemeanor and has shown himself to be a conscientious worker.";

b) add to the article a third part of the following content:

"During the term of the disciplinary punishment, incentive measures shall not be applied to the worker."

88. Drop from the title and text of Article 138 the words "comrades' court or public organization."

89. Add to the third part of Article 140, after the words "must be observed," the word "sanitary."

90. In the second part of Article 141, replace the words "state health" with the words "state health and disease control."

91. In Article 143:

a) set forth the first part in the following wording:

"The administration of enterprises, institutions, and organizations is obligated to provide the appropriate technical equipment for all jobs and create working conditions for them that correspond to unified interbranch and branch rules for labor protection as well as health rules and norms drafted and approved according to the procedure established by legislation.";

b) delete the second part.

92. In the first part of Article 145, replace the words "central committees of the trade unions" with the words "respective trade union organs."

93. In Article 152:

a) in the title and in the first part, replace the word "workers'" with the words "of workers";

b) in the second part, replace the words "health control" with the words "health and disease control."

94. In Article 154:

a) in the second part, after the words "protection of the health of the population," add the words "warnings of the incidence and spread of diseases";

b) add to the article third and fourth parts of the following content:

"The list of hazardous production factors and jobs, the performance of which entails preliminary and periodic medical examinations, and the procedure for their performance shall be established by the State Committee on Health and Disease Control of the Russian Federation and the Ministry of Health Care of the Russian Federation.

"Should the need arise, at the decision of the organs of executive power of the local congresses of people's deputies, additional conditions and instructions may be introduced in individual organizations and enterprises for carrying out medical examinations.".

95. Delete from the fourth part of Article 156 the words "USSR and RSFSR."

96. Delete from Article 159 the words "USSR and RSFSR."

97. In the title and text of Article 162, replace the words "up to two years" with the words "up to three years."

98. Set forth Article 163 in the following wording:

"**Article 163.** Restriction on Overtime Work and Business Trips for Women with Children

"Women with children aged from three to 14 years (disabled children up to 16 years) may not be required to work overtime or be sent on business trips without their consent."

99. To the Code, add Article 163^1 of the following content:

"**Article 163^1.** An Additional Day Off

"One of the parents (guardian or trustee) raising a disabled child shall be presented with one additional day off per month paid at the daily wage out of social insurance funds.

"Women working in a rural locale shall be presented, at their request, with one additional day off per month without pay."

100. In Article 164:

a) add to the article a second part of the following content:

"Before a decision on the question of offering a pregnant woman another easier job that excludes the effect of unfavorable production factors, she is eligible to be released from her job at average pay for all working days missed as a consequence of this out of the funds of the enterprise, institution, or organization.";

b) consider the second part to be the third part.

101. Set forth Article 165 in the following wording:

"**Article 165.** Leave for Pregnancy and Birth

"Woman shall be presented with leave for pregnancy and birth consisting of 70 calendar days before the birth and 70 calendar days after the birth (in the event of a complicated birth, 86, and upon the birth of two or more children, 110).

"Leave for pregnancy and birth is calculated altogether and presented to the woman in full regardless of the number of days actually used before the birth."

102. In Article 166:

a) set forth the title of the article in the following wording:

"Addition of an Annual Leave to the Leave for Pregnancy and Birth and Leave to Care for a Child";

b) add to the text of the article, after the words, "after it" the words "or else upon completion of leave to care for a child."

103. Set forth Article 167 in the following wording:

"**Article 167.** Leave to Care for a Child

"At the request of a women, she shall be presented with partially paid leave to care for a child up to the age of one and one-half years as well as payment for this period of a state social insurance subsidy.

"Besides the indicated leave, a woman may apply to be presented with additional leave without pay to care for an infant up to the age of three years with payment of compensation for the period of that leave in accordance with effective legislation.

"Partially paid leave and additional leave without pay to care for a child may also be used in full or in increments by the father of a child, a grandmother, a grandfather, or other relatives who are actually caring for the child.

"At the request of the woman or individuals indicated in the third part of the present article, during the period of their leave to care for a child they may work part time or at home. During this time they retain the right to receive a subsidy for the period of partially paid leave to care for a child.

"Leave to care for a child shall be calculated into total continuous seniority, as well as for seniority in a specialty (except for instances of pension assignment in privileged conditions).

"The time of the partially paid leave and additional leave without pay to care for a child shall not be calculated into seniority involving the right to subsequent annual paid leave.

"For the period of a leave to care for a child, the job (position) shall be held."

104. In Article 168:

a) in the first part, replace the number "56" with the number "70," the words "given total seniority of at least one year" with the words "until the child reaches the age of one and one-half years";

b) in the second part, replace the words "one and one-half years" with the words "three years."

105. Set forth Article 170 in the following wording:

"**Article 170.** Hiring and Dismissal Guarantees for Pregnant Woman and Women with Children

"It is prohibited to refuse to hire a woman or lower her salary for motives connected with pregnancy or the presence of children. In refusing to hire a pregnant woman or a woman with a child up to the age of three years, or a single mother with a child up to 14 years (a disabled child up to 16 years), the administration must inform her of the reason for the refusal in writing. Refusal to hire such a woman may be appealed to a people's court.

"The dismissal of pregnant women and women with children up to the age of three years (single mothers with children up to 14 years or a disabled child up to 16 years) shall not be permitted at the initiative of the administration except in instances of the complete elimination of the enterprise, institution, or organization, when dismissal is permitted with mandatory job placement. Mandatory job placement of the indicated women shall be brought about by the administration as well in instances of their dismissal upon the completion of a fixed-period labor agreement (contract). During the job placement period, they shall retain their average salary, but not for longer than three months after the day of completion of the fixed-period labor agreement (contract)."

106. Add to the Code an Article 172^1 of the following content:

"**Article 172^1.** Guarantees and Benefits for Individuals Raising Children Without a Mother

"The guarantees and benefits presented to a woman in connection with motherhood (restrictions on night work and overtime work, restrictions on being asked to work on days off and being sent on business trips, the presentation of additional leaves, the establishment of beneficial labor routines and other guarantees and benefits established by effective legislation) shall also apply to fathers raising children without a mother (in the event of her death, deprivation of parental rights, extended sojourn in a treatment facility, and other instances of the absence of maternal care for children), as well as to the guardians (trustees) of minors."

107. Add to Article 173 a third part of the following content:

"In order to prepare youth for productive labor, it is permitted to hire students in general education schools, professional-technical, and secondary special educational institutions to perform light work during nonschool hours that does not inflict harm on their health or disrupt their studies once they have reached the age of 14 years and with the consent of one of their parents or individuals taking their place."

108. Delete from Article 174 the words "Foundations of Labor Legislation of the USSR and Union Republics."

109. Add to Article 180 a third part of the following content:

"Wages for students in general education schools, professional-technical, and secondary special educational

institutions working during non-school hours shall be generated in proportion to the time worked or to earnings. Enterprises, institutions, and organizations may establish additional payments for student salaries out of their own funds."

110. Set forth Article 181 in the following wording:

"**Article 181.** Reserved Hiring of Young People for Jobs and Professional Training in Production

"For enterprises, institutions, and organizations, reserved hiring may be established for jobs and professional training for young people who have graduated from a general education school or professional-technical educational institutions, as well as for other individuals under 18 years of age.

"Refusal to hire said persons intended for reserved jobs or for professional training is prohibited. Such a refusal may be appealed by them in legal form."

111. Set forth Article 190 in the following wording:

"**Article 190.** Shortened Work Time for Students in General Education Schools

"For workers successfully studying without interruption from production in schools for young workers—evening (shift) and correspondence secondary general education schools—a work week shall be established during the academic year that is shortened by one working day or by the corresponding number of working hours (given the shortening of the working day during the course of the week), and for rural youth studying in schools—in evening (shift, seasonal) and correspondence secondary general education schools—a work week shortened by two working days or the corresponding number of working hours (given the shortening of the work day in the course of the week).

"Students in the indicated schools are released from working during the academic year for more than 36 working days, given a six-day work week, or for the corresponding number of working hours. Given a five-day work week, the total number of days off shall change depending on the duration of the work shift while maintaining the number of hours off from work.

"For the time they are released from work, students shall be paid 50 percent of the average salary for their basic place of work, but no less than the minimum wage established by law.

"The administration of an enterprise, institution, or organization has the right, without damaging production activities, to offer workers studying in schools for working and rural young, at their request, during the academic year, another additional one or two days off from work per week without pay."

112. In Article 191:

a) in the first part, replace the words "XI" and "VIII" with the words "XII" and "IX," delete the words "from the calculation of the wage rate," and after the words "with the maintenance" add the word "average";

b) in the second part, replace the words "IX and X" with the words "VIII, X, and XI."

113. Delete from Article 194 the words "50 percent."

114. In the fifth part of Article 198, replace the words "salary, but not more than the established amount" with the words "average salary."

115. Set forth Chapter XIV, "Labor Disputes," in the following wording, deleting Articles 222, 223, and 224:

"**Article 201.** Organs Examining Labor Disputes

"Labor disputes that arise between a worker and the administration of an enterprise, institution, or organization on issues concerning the application of legislative and other normative acts on labor, the collective agreement, and other agreements on labor, as well as the conditions of the labor agreement (contract), shall be examined:

"by labor dispute commissions; or

"by rayon (municipal) people's courts.

"Labor disputes on issues concerning the establishment of working conditions shall be examined in accordance with Articles 219 and 220 of the present Code.

"**Article 202.** Procedure for Examining Labor Disputes

"The procedure for examining labor disputes shall be regulated by the present Code and other legislative acts, and the procedure for examining labor dispute cases in rayon (municipal) people's courts shall be determined as well by the Civil Procedural Code of the RSFSR.

"**Article 203.** Organization of Labor Dispute Commissions

"Labor dispute commissions shall be elected by a general assembly (conference) of the labor collective of the enterprise, institution, or organization with a quorum of workers of at least 15 people.

"Candidates who have received a majority of votes and who more than half of those present at the general assembly (conference) have voted for shall be considered elected to the commissions.

"The procedure for the election, numbers, and composition of the commission and the term of its authorities shall be determined by a general assembly (conference) of the labor collective of the enterprise, institution, or organization.

"The labor dispute commission shall choose from their number a chairman, deputy chairman, and secretary for the commission.

"At the decision of the general assembly (conference) of the labor collective of the enterprise, institution, or organization, labor dispute commissions may be created in subdivisions. These commissions shall be elected by the collectives of the subdivisions and shall function on the same bases as the labor dispute commissions of the enterprises, institutions, and organizations. Labor dispute commissions may examine labor disputes within the competence of these subdivisions.

"**Article 204.** Competence of the Labor Dispute Commission

"The labor dispute commission is the principal organ to examine labor disputes arising in enterprises, institutions, and organizations (subdivisions), with the exception of disputes for which the present Code and other legislative acts have established a different procedure for their examination.

"A labor dispute is subject to examination in a labor dispute commission if the worker, independently or with the participation of a trade union organization representing his interests, has not been able to resolve the disagreement in direct negotiations with the administration.

"**Article 205.** Deadline for Appeal to a Labor Dispute Commission

"A worker may appeal to a labor dispute commission within three months of the day he learned or should have learned about the violation of his rights.

"In the event that the deadline is missed for valid reasons, the labor dispute commission may extend it and resolve the essence of the dispute.

"The statement of a worker that has been submitted to a labor dispute commission is subject to mandatory registration.

"**Article 206.** Procedure for Examining a Labor Dispute in a Commission

"The labor dispute commission is required to examine a labor dispute within ten days after the statement is submitted. The dispute shall be examined in the presence of the worker who submitted the statement and a representative of the administration. Examination of the dispute in the absence of the worker shall be permitted only with his written consent. In the event that the worker does not appear at the commission hearing, the examination of the statement shall be postponed. In the event of a second nonappearance by the worker without valid reason the commission may decide to remove the given statement from examination, which does not deprive the worker of the right to submit the statement another time.

"The labor dispute commission has the right to summon witnesses to the hearing and to invite specialists and representatives of the trade unions operating in the enterprise, institution, or organization. At the request of the commission, the administration is required to submit any necessary records and documents.

"The hearing of the labor dispute commission shall be considered official if at least half of the members elected to it are present.

"**Article 207.** Procedure for Decision Making by the Labor Dispute Commission

"The labor dispute commission shall make decisions by a majority of votes of those commission members present at the hearing. A commission member not in agreement with the decision of the majority is obligated to sign the statement of the commission's hearing but has the right to set forth his own opinion in it.

"Copies of the commission's decision shall be delivered to the worker and the administration within three days of the decision's passage.

"**Article 208.** Transfer of the Examination of a Labor Dispute to a Rayon (Municipal) People's Court and Appeal of a Labor Dispute Commission Decision

"If the labor dispute commission has not examined the labor dispute within ten day's time, except for instances indicated in the first part of Article 206 of the present Code, the interested worker has the right to transfer his examination to a rayon (municipal) people's court.

"The decision of the labor dispute commission may be appealed by the interested worker or administration to a rayon (municipal) people's court within ten days of receiving copies of the commission's decision. Having let that period of time pass is not grounds for refusing to accept the statement. The court may deem the reasons for letting it pass as valid and so extend this deadline and examine the essence of the dispute.

"**Article 209.** Execution of the Labor Dispute Commission Decisions

"The decision of the labor dispute commission (except for decisions to reinstate) is subject to execution by the administration of the enterprise, institution, or organization within three days' after the passage of the ten days provided for appeal.

"The procedure for execution of the labor dispute commission decision to reinstate an illegally transferred worker to his job shall be regulated by Article 215 of the present Code.

"In the event of a failure to execute the commission's decision by the administration of the enterprise, institution, or organization, the worker shall within the established deadline be issued by the labor dispute commission a certificate having the force of a court order.

"A certificate shall not be issued if the worker or the administration has appealed to a rayon (municipal) people's court within the established deadline to resolve the labor dispute.

"On the basis of the certificate issued by the labor dispute commission and presented within three months' of the day of its receipt at the rayon (municipal) people's court, an officer of the court shall carry out the labor dispute commission's decision in a compulsory procedure.

"In the event the worker lets the established three-month deadline pass for valid reasons, the labor dispute commission that issued the certificate may extend this term.

"**Article 210.** Labor Disputes Examined in Rayon (Municipal) People's Courts

"Labor disputes shall be examined in rayon (municipal) people's courts:

"at the request of a worker, administration, or respective trade union defending the interests of a worker who is a member of this trade union when they do not agree with the decision of the labor dispute commission;

"at the request of the procurator's office, if the decision of the labor dispute commission contradicts legislation.

"Labor disputes shall be examined directly in rayon (municipal) people's courts at the request of:

"workers in enterprises, institutions, or organizations where labor dispute commissions are not elected or for some reason were not created;

"workers with reference to reinstatement, regardless of the grounds for canceling the labor agreement (contract), to changing the date and formulation of the reason for dismissal, or to payment for enforced absence or performance of low-paying work;

"an administration with reference to compensation by a worker for material damage inflicted on the enterprise, institution, or organization (Article 122).

"Refusal to hire shall be examined directly in the rayon (municipal) people's courts as well for:

"individuals who have been invited to transfer from another enterprise, institution, or organization;

"young specialists who have graduated from a higher or secondary special educational institution and been sent according to established procedure to work in a given enterprise, institution, or organization;

"other individuals with whom the administration of the enterprise, institution, or organization, in accordance with legislation, was obligated to conclude a labor agreement.

"**Article 211.** Deadlines to Appeal for the Resolution of a Labor Dispute in a Rayon (Municipal) People's Court

"A request for the resolution of a labor dispute shall be submitted to a rayon (municipal) people's court within three months of the day when the worker learned or should have learned about the violation of his right, and for cases of dismissal, within one month of the day of receipt of a copy of the dismissal decree or after the day of issuing of his labor book.

"A deadline shall be established for appeal by an administration to a court on issues of fining a worker for material damage inflicted on the enterprise, institution, or organization of one year after the day of discovery of the damage inflicted by the worker.

"Should the deadlines set in the present article pass by for valid reasons, they can be extended by the court.

"**Article 212.** Execution of Decisions in Disputes on Dismissal or Transfer to Another Job

"During an appeal to a rayon (municipal) people's court concerning demands stemming from labor legal relations, workers are released from paying the state for court costs.

"**Article 213.** Decision Making on Disputes Concerning Dismissal and Transfer to Another Job

"In the event of dismissal without legitimate grounds or in violation of the established dismissal procedure, or of illegal transfer to another job, the worker must be reinstated at his former job by the organ examining the labor dispute.

"Upon deciding to reinstate, the organ examining the labor dispute shall simultaneously make a decision to pay the worker the average pay for the time of enforced absence or the difference in pay for the time of performing low-paying work, but for not more than one year.

"At the request of the worker, the organ examining the labor dispute may limit itself to deciding to impose a fine in his behalf of the compensations indicated above and to change the formulation for the grounds for dismissal to voluntary resignation.

"In the event that the formulation of the cause for dismissal is recognized as incorrect or not in accordance with effective legislation, the organ examining the labor dispute is obligated to change it and to indicate in its decision the cause for dismissal in precise accord with the formulation of effective legislation and with a citation of the relevant article (point) of law. If a formulation of the cause for dismissal in the labor book that is incorrect or does not comply with effective legislation has kept the worker from getting a new job, the organ examining the labor dispute shall simultaneously make a decision to pay him the average pay for the time of enforced absence, but for not more than one year.

"**Article 214.** Placement of Material Responsibility on the Official Guilty of Illegal Dismissal or Transfer

"The court shall place on the official guilty of the illegal dismissal or transfer of a worker responsibility for another job and responsibility to compensate for the

damage inflicted on the enterprise, institution, or organization in connection with payment for time of enforced absence or for time spent performing low-paying work. This obligation is imposed if the dismissal or transfer was carried out in clear violation of the law or if the administration has delayed in executing the court's decision to reinstate the worker.

"The amount of compensation for damage may not exceed three monthly wages of the official.

"**Article 215.** Execution of the Decision to Reinstate

"A decision to reinstate an illegally dismissed or transferred worker made by an organ examining labor disputes is subject to immediate execution.

"Should the administration of the enterprise, institution, or organization delay the execution of the court's decision to reinstate an illegally dismissed or transferred worker, the court, having made a decision to reinstate the worker, shall make a determination about payment to him of average salary or the difference in salary for the entire time of the delay.

"**Article 216.** Satisfaction of the Worker's Monetary Demands

"Upon examining labor disputes about monetary demands, other than claims for payment to the worker of average pay for the time of enforced absence or the difference in pay for the time of performing low-paying work (Article 213), the organ examining the dispute has the right to make a decision about the payment to the worker of sums due for no longer than three years.

"**Article 217.** Restriction on the Exaction of Sums Paid at the Decision of Organs Examining Labor Disputes

"Repayment by a worker of sums paid to him at the decision of the labor disputes commission of the enterprise, institution, or organization, as well as on the basis of a judicial decision on a labor dispute, upon the repeal of a decision in the oversight procedure, shall be permitted only in those instances when the repeal of the decision was based on false information given by the worker or false documents presented by him.

"**Article 218.** Characteristics of the Examination of Labor Disputes for Individual Categories of Workers

"Characteristics of the examination of labor disputes for supervisors elected, confirmed, or appointed to office by higher organs of state power and administration of the Russian Federation or a republic belonging to the Russian Federation, as well as for judges, procurators, and their deputies and assistants on issues of dismissal, transfer, payment for enforced absence or performance of low-paying work, and imposition of disciplinary actions shall be established by the legislation of the Russian Federation and the republics belonging to the Russian Federation.

"**Article 219.** Examination of Disputes on the Establishment of New Working Conditions or Alterations in Existing Working Conditions

"Labor disputes on the establishment for a worker of new working conditions or alterations in existing working conditions shall be decided by the administration and the respective trade union organ within the limits of the rights conferred on them.

"**Article 220.** Procedure for the Examination of Collective Labor Disputes (Conflicts)

"Collective labor disputes (conflicts) that arise between the administration of an enterprise, institution, or organization and a labor collective (the collective of a subdivision) or trade union on issues of establishing new conditions of work and daily life or alterations in existing conditions of work and daily life or the conclusion and execution of the collective agreement and other accords shall be examined in accordance with legislation concerning procedures for resolving collective labor disputes (conflicts).

"**Article 221.** Calculation of Terms Provided by the Present Code

"The term with which the present Code links the incidence or cessation of labor rights and obligations begins the day after the calendar day on which its beginning has been fixed.

"Terms calculated in years, months, and weeks shall conclude on the corresponding date of the final year, month, or week of the term. A term calculated in calendar weeks and days shall include non-working days.

"If the last day of the term falls on a non-working day, then the day of the term's completion will be considered the closest working day thereafter."

116. Set forth Article 225 in the following wording:

"**Article 225.** The Worker's Right to Associate in Trade Unions

"Workers are ensured the right to associate in trade unions.

"Trade unions shall operate in accordance with the charters they have accepted and are not subject to registration with state organs.

"State organs, enterprises, institutions, and organizations are obligated to facilitate trade unions in their activities in every way possible."

117. In Article 236:

a) set forth the first part in the following wording:

"Trade unions represent the interests of their members on labor and other socioeconomic issues.";

b) delete the second part;

c) consider the third part to be the second part and set it forth in the following wording:

"The establishment of labor and salary conditions and the application of labor legislation in cases envisaged by legislation shall be brought about with the participation of the trade unions.";

d) consider the fourth and fifth parts to be the third and fourth parts, respectively;

e) consider the sixth part to be the fifth part and set it forth in the following wording:

"Trade unions in the person of their federal organs shall possess the right of legislative initiative."

118. Set forth Article 227 in the following wording:

"**Article 227.** The Right of Workers to Participate in the Administration of Enterprises, Institutions, and Organizations

"Workers have the right to participate in the administration of enterprises, institutions, and organizations through general assemblies (conferences) of the labor collective, councils of the labor collective, trade unions, and other organs authorized by the collective and to introduce proposals to improve the work of the enterprise, institution, or organization, as well as on issues of social-cultural and consumer services."

119. Delete Article 229.

120. Set forth Article 230 in the following wording:

"**Article 230.** Rights of the Respective Elective Trade Union Organ of the Enterprise, Institution, or Organization

"The rights of the respective elective trade union organ of an enterprise, institution, or organization and the guarantees of its activities shall be determined by legislation, its charter, and the collective agreement and accords."

121. Set forth Article 235 in the following wording:

"**Article 235.** Additional Guarantees for Elective Trade Union Workers and Members of Labor Collective Councils

"Workers elected to the staff of trade union organs and not released from productive work cannot be transferred to another job and are not subject to disciplinary punishment without the preliminary consent of the trade union organ whose members they are, nor can directors of elective trade union organs in subdivisions of the enterprise, institution, or organization without preliminary consent of the respective elective trade union organ in the enterprise, institution, or organization.

"Dismissal at the initiative of the administration for workers elected to trade union organs and not released from production work shall be allowed outside observance of the general procedure for dismissal only with the preliminary consent of the trade union organ whose members they are, of trade union group organizers by the respective elective trade union organ of the subdivision of the enterprise, institution, or organization (in its absence—the respective elective trade union organ in the enterprise, institution, or organization), and for chairmen and members of elective trade union organs in the enterprise, institution, or organization and for trade union organizers with the preliminary consent of the respective association of trade unions.

"Members of elective trade union organs not released from production work may be offered, under conditions envisaged by the collective agreement or accord, time off with their average pay for the performance of public obligations.

"Workers released from production work as a consequence of election to elective office in trade union organs shall, upon completion of their elective authorities, be offered their former job (position), and in its absence, another job (position) of equal value at the same or, with the worker's consent, other enterprise, institution, or organization. If it is impossible to offer a corresponding job (position) at the former place of work, the administration, and in the event of the elimination of the enterprise, institution, or organization, the trade union shall retain for the worker his former salary for the period of job placement, but not more than six months, and in the event of study or retraining, for a term of up to one year.

"Dismissal at the initiative of the administration of individuals elected to trade union organs shall not be allowed for two years after the conclusion of their elective authorities, except in instances of the complete elimination of the enterprise, institution, or organization or the commission by the worker of guilty actions for which legislation provides for the possibility of dismissal. In these instances, dismissal shall be brought about according to the procedure established by the second part of the present article.

Members of the labor collective council may not be transferred to another job or subject to disciplinary action at administration initiative without the consent of the labor collective council. Dismissal of members of the labor collective council outside observance of the general dismissal procedure shall be allowed only with the consent of the labor collective council."

122. Set forth Article 235[1] in the following wording:

"**Article 235[1].** Authorities of the Labor Collective

"The labor collective of the enterprise, regardless of its organizational-legal form:

"shall decide the question of the necessity to conclude a collective agreement with the administration and will examine and approve its draft;

"shall examine and decide the issue of self-administration of the labor collective in accordance with the charter of the enterprise;

"shall determine the list and procedure for offering social benefits to workers of the enterprise out of labor collective funds;

"shall determine and regulate the forms and conditions of activity at enterprises of public organizations;

"shall resolve other issues in accordance with the collective agreement.

"The labor collective of a state or municipal enterprise, as well an enterprise whose property includes a contribution from the state or a local congress of people's deputies of more than 50 percent:

"shall examine and approve in conjunction with the founder any amendments and additions introduced into the enterprise charter;

"shall set contract conditions in conjunction with the founder of the enterprise upon the hiring of a director;

"shall decide on whether to detach one or several structural subdivisions from the enterprise in order to create a new enterprise;

"shall participate in deciding whether to alter the form of ownership of the enterprise in accordance with and within the limits established by the legislation of the Russian Federation and the republics belonging to the Russian Federation.

"The procedure and forms for executing the authorities of the labor collective shall be determined in accordance with the legislation of the Russian Federation. In state and municipal enterprises, as well as in enterprises whose property includes a contribution from the state or the local congress of people's deputies of more than 50 percent, the authorities of the labor collective shall be executed by a general assembly (conference) and its elective organ—a labor collective council.

"Relations between the labor collective and the employer, labor protection measures, social development, and worker participation in the profit of the enterprise shall be regulated by the legislation of the Russian Federation, the charter, and the collective agreement."

123. Delete Articles 235^2-235^3.

124. Set forth Article 237 in the following wording:

"**Article 237.** Payments to State Social Insurance

"Payments to state social insurance shall be made by enterprises, institutions, organizations, individual citizens employing the labor of hired workers on a private plot, and also by workers out of their salary.

"Nonpayment by employers of payments to state social insurance shall not deprive workers of the right to provision out of state social insurance funds.

"The amounts of insurance payments and the procedure for their payment shall be established by law."

125. Set forth Article 238 in the following wording:

"**Article 238.** Types of Provision Through State Social Insurance

"Workers, and in appropriate instances their families as well, shall be provided out of state social insurance funds:

"subsidies for temporary disability, and for women also for pregnancy and childbirth;

"subsidies to care for a child up to the age of one and one-half years;

"subsidies on the occasion of the birth of a child;

"pensions for old age, disability, and in the event of the breadwinner's death, as well as for certain categories of workers with pensions for long service as well.

"In the event of the death of a worker or a member of his family, a burial subsidy shall be paid out of state social insurance funds.

"State social insurance funds shall be used also in the established procedure to pay for sanatorium-resort treatment and rests and to provide prescribed (dietetic) food for people, support for health camps for their children, and other undertakings through state social insurance."

126. Set forth Article 239 in the following wording:

"**Article 239.** Temporary Disability Subsidy

"A temporary disability subsidy shall be paid upon an illness or work-related or other mutilation, including everyday trauma, as well as for the care of a sick family member, quarantine, or equipping with a prosthetic appliance.

"A temporary disability subsidy shall be paid as a consequence of a work-related mutilation or disease in the amount of the full salary, and in the remaining instances of 60-100 percent of salary, depending on length of continuous service, number of minor children and dependents, and other circumstances.

"The minimum temporary disability subsidy shall be set at 90 percent of the minimum wage."

127. Set forth Article 240^1 in the following wording:

"**Article 240^1.** Payment Conditions and Amounts of State Social Insurance Subsidies

"Payment conditions and amounts of state social insurance subsidies shall be established by law."

128. Set forth Article 241 in the following wording:

"**Article 241.** Pension Provision

"Pensions for workers and members of their families shall be fixed in accordance with the Law of the RSFSR 'On State Pensions in the RSFSR.'"

129. Set forth Article 242 in the following wording:

"**Article 242.** Old Age Pensions

"An old age pension shall be established for workers on general grounds: for men, upon reaching 60 years of age and with a total length of service of at least 25 years; for women, upon reaching 55 years and with a total length of service of at least 20 years.

"For individual categories of insured people, an old age pension shall be established at a lowered pension age, and, correspondingly, with a lowered total length of service.

"The amount of the old age pension shall total 55-75 percent of salary, depending on length of service."

130. Set forth Article 243 in the following wording:

"**Article 243.** Disability Pension

"A disability pension shall be established for workers with the onset of disability as a consequence of a work-related mutilation or illness regardless of length of service and with the onset of disability as a consequence of other causes in correspondence with the total length of service, the duration of which depends on the age of the insured person at the time of the onset of disability.

"The pension for total disability (groups I and II disability) shall comprise 75 percent of salary and, for partial disability (group III disability), 30 percent of salary.

"The minimum pension upon total disability shall be set at no less than the minimum old age pension and, for partial disability, one-third the minimum amount for that pension.

"The maximum pension upon total disability shall be set at the maximum old age pension and for partial disability the minimum amount for that pension."

131. Add to Chapter XVI an Article 243^1 of the following content:

"**Article 243^1.** Pension for Loss of Breadwinner

"A pension shall be established upon the loss of a breadwinner for members of the family of a worker who died as a consequence of a work-related mutilation or illness, regardless of length of service, and upon death as a result of other causes in correspondence to length of service, the duration of which depends on the age of the insured person on the day of his death.

"The pension for each non-able-bodied family member shall be 30 percent of the salary of the deceased breadwinner.

"The minimum pension for each non-able-bodied member of the family of the deceased breadwinner shall be one-third of the minimum old age pension. The maximum pension for each non-able-bodied member of the family of the deceased breadwinner shall equal the minimum old age pension."

132. Add to Chapter XVI an Article 243^2 of the following content:

"**Article 243^2.** Burial Subsidy

"In the event of the death of an insured individual or a member of his family, a burial subsidy shall be paid.

"The amount of the burial subsidy for the worker shall be established by the Law of the Russian Federation 'On the Ritual Subsidy.'"

133. In Article 244:

a) delete from the first part the words "In accordance with the Foundations of Legislation of the USSR and the Union Republics on Labor";

b) set forth point 2 in the following wording:

"2) trade unions, as well as the technical and legal labor inspectorates under their jurisdiction, shall be in accordance with the statutes on these inspectorates.";

c) delete from the second part the words "USSR and RSFSR";

d) set forth the fourth part in the following wording:

"The highest control over the precise and uniform execution of the labor laws on the territory of the Russian Federation shall be brought about by the General Procurator's Office of the Russian Federation and the lower-ranking procurator's offices subordinate to it."

134. Set forth the second part of Article 245 in the following wording:

"State control over compliance with work safety rules in individual branches of industry and at certain sites shall be brought about by (along with the technical inspectorate of the trade unions) the State Committee of the Russian Federation on Control of Work Safety in Industry and Mining (Gosgortekhnadzor of Russia) and its local organs."

135. Set forth Article 246 in the following wording:

"**Article 246.** State Energy Control

"State control of the conduct of undertakings providing the safe operation of electrical and thermal stations shall be brought about by organs of State Energy Control of the Russian Federation."

136. Set forth Article 247 in the following wording:

"**Article 247.** State Health and Disease Control

"State health and disease control of compliance by enterprises, institutions, and organizations with hygiene standards and health-hygiene and health and disease prevention rules shall be brought about by the State Committee for Health and Disease Control of the Russian Federation (Goskomsanepidnadzor of Russia) and the territorial institutions of the state health and disease control service."

137. Add to the Code an Article 247[1] of the following content:

"**Article 247[1]**. State Control of Nuclear and Radiation Safety

"State control over compliance with nuclear and radiation safety rules shall be brought about by the State Committee on Control of Nuclear and Radiation Safety under the President of the Russian Federation (Russian Gosatomnadzor)."

138. Delete from the first part of Article 248 the words "in accordance with statutes about them approved by the AUCCTU."

139. Delete from Article 249 the words "USSR and RSFSR."

140. Set forth the title of Chapter XVIII in the following wording:

"Features of Labor Regulation for Individual Categories of Workers"

141. In Article 250:

a) delete from the first part the words "By legislation of the USSR and, within limits set by it,";

b) add to the second part, after the word "agreement," the word "(contract)."

142. In Article 251:

a) delete from the first part the words "in accordance with legislation of the USSR and, within limits set by it, legislation of the RSFSR";

b) set forth point 1 in the first part in the following wording:

"1) A raise in monthly salary that will increase with the length of continuous service in rayons of the Far North and locales equivalent to it";

c) add to the second part, after the words "labor agreement," the word "(contract)," and delete the word "USSR."

143. Set forth Article 252 in the following wording:

"**Article 252.** Features of Labor Regulation in Individual Branches of the Economy

"Features of labor regulation may be established by legislation for workers in transportation, communications, agriculture, the timber industry and forestry, and other branches of the economy stemming from special working conditions in those branches."

144. Set forth Article 253 in the following wording:

"**Article 253.** Special Working Conditions for Seasonal, Temporary, and Several Other Categories of Workers

"Special working conditions may be established by legislation for workers employed in seasonal and temporary work, people holding more than one job, craftsmen working at home, as well as individuals working for citizens by agreement (contract) (domestic workers and others)."

145. In Article 254:

a) add to the title of the article, after the words "labor agreement," the word "(contract)";

b) add to the first part, after the words "labor agreement," the word "(contract)" and delete the words "in accordance with legislation of the USSR and RSFSR."

c) set forth point 1 of the first part in the following wording:

"1) a single gross violation of his labor obligations by the director of the enterprise, institution, or organization (branch, representative, department, or other separate subdivision) and his deputies;";

d) set forth point 4 of the first part in the following wording:

"4) envisaged by a contract concluded with the director of the enterprise,";

e) add to the second part, after the words "labor agreement," the word "(contract)" and delete the words "USSR and, within the limits it sets, legislation of the RSFSR";

f) delete the third part.

146. In Article 255, delete the words "In accordance with the Foundations of Legislation of the USSR and Union Republics on Labor"; replace the words "the laws of the USSR and the resolutions of the USSR Council of Ministers" with the word "legislation."

147. Delete Article 256.

148. In the titles of chapters and articles and in the text of the Code, replace the words "workers and employees" and "workers or employees" with the word "worker" in the proper number and case.

149. In the titles of articles and in the text of the Code, replace the words "trade union committee" with the words "respective elective trade union organ" in the proper number and case.

[Signed] *President of the Russian Federation, B. Yeltsin*
Moscow, House of Councils of Russia
25 September 1992
No. 3542-1

Resolution on Law's Enactment

935D0020B Moscow ROSSIYSKAYA GAZETA in Russian 6 Oct 92 p 6

[Text of resolution of the Supreme Council of the Russian Federation: "On Enactment of the Law of the Russian Federation 'On Amendments and Additions to the RSFSR Code of Labor Laws'"]

[Text] The Supreme Council of the Russian Federation resolves:

To enact the Law of the Russian Federation "On Amendments and Additions to the RSFSR Code of Labor Laws" as of the moment of its publication.

[Signed] *Chairman of the Supreme Council of the Russian Federation, R. I. Khasbulatov*
Moscow, House of Councils of Russia
17 July 1992
No. 3328-1

Resolution on Further Consideration of Law

935D0020C Moscow ROSSIYSKAYA GAZETA in Russian 6 Oct 92 p 6

[Text of resolution of the Supreme Council of the Russian Federation: "On Further Consideration of the Law of the Russian Federation 'On Amendments and Additions to the RSFSR Code of Labor Laws'"]

[Text] Upon further consideration of the Law of the Russian Federation "On Amendments and Additions to the RSFSR Code of Labor Laws," which has been returned by the president of the Russian Federation, the Supreme Council of the Russian Federation resolves:

1. To pass the proposed text of the Law of the Russian Federation "On Amendments and Additions to the RSFSR Code of Labor Laws" with the incorporation of the comments of the President of the Russian Federation and editorial corrections.

2. To instruct the Commission of the Council of the Republic of the Supreme Council of the Russian Federation for Social Policy, with the participation of the Committee of the Supreme Council of the Russian Federation on Legislation and Government of the Russian Federation, to submit a draft of the social insurance law no later than 15 October 1992.

[Signed] *Chairman of the Supreme Council of the Russian Federation, R. I. Khasbulatov*
Moscow, House of Councils of Russia
25 September 1992
No. 3544-1

Edict on Organization of Securities Market

935D0031A Moscow ROSSIYSKAYA GAZETA in Russian 16 Oct 92 p 3

[Text of "Edict of the President of the Russian Federation 'On Measures on the Organization of a Securities Market in the Process of Privatization of State and Municipal Enterprises'"]

[Text] For purposes of creating necessary conditions for the circulation of privatization checks and providing social guarantees for protection of the assets of the population invested in securities in the process of privatization of state and municipal enterprises, I decree:

1. To approve:

—a statute on investment funds defining the general procedure for the constitution and activities of all types of investment funds in the Russian Federation, with the exception of specialized privatization investment funds accumulating privatization checks of citizens (annex No. 1);

—a statute on specialized privatization investment funds defining the procedure for the constitution and activities of investment funds accumulating privatization checks of citizens (annex No. 2);

—a sample charter of an investment fund (annex No. 3);

—basic provisions of a depositary contract (annex No. 4);

—a sample contract with the administrator on the administration of an investment fund (annex No. 5);

—a typical prospectus for the issuance of an investment fund (annex No. 6).

2. For the organs of state and local administration to render all possible assistance in the creation and activities of specialized privatization investment funds accumulating privatization checks of citizens, via the targeted allocation to them of necessary buildings, encouragement of the development of a network of auditing firms and depositaries, provision of information, and training of specialists for investment funds.

3. For the Russian Federation State Committee for the Management of State Property jointly with the Russian Federation Ministry of Finance to draft and approve prior to 15 October 1992 a statute on the procedure for appraising the net assets of investment funds, including a procedure for determining the makeup of expenditures, assessing financial results of investment funds, and appraising privatization checks.

4. To establish that licensing of the activities of investment funds and their administrators as well as registration of the stock on the basis of the issuance prospects presented by the investment fund is carried out:

—by the Russian Federation State Committee for the Management of State Property—of specialized privatization investment funds accumulating privatization checks of citizens;

—by the Russian Federation Ministry of Finance—of all other investment funds.

It is forbidden for investment funds not having a license of the Russian Federation State Committee for the Management of State Property to perform any operations with privatization checks.

Maintenance of a single register of investment funds is performed by the Russian Federation Ministry of Finance.

5. To establish that:

—specialized privatization investment funds accumulating privatization checks of citizens do not have the right to exchange stock issued by them for stock in joint-stock companies created in the process of privatization and held by property funds;

—investment funds do not have the right to exchange stock issued by them for stock in joint-stock companies created in the process of privatization and held by corresponding property funds in a sum exceeding five percent of the charter capital of the investment fund;

—the number of shares of stock of an investment fund held by corresponding property funds may not exceed five percent of the total number of shares of that investment fund.

6. Activities of investment funds are regulated by the Russian Federation Ministry of Finance, while activities of specialized privatization investment funds accumulating privatization checks of citizens are regulated by the Russian Federation State Committee for the Management of State Property in accordance with this Edict and within the bounds of their jurisdiction.

7. For the government of the Russian Federation within a period of two weeks:

—to approve a program of support for the creation and development of specialized privatization investment funds accumulating privatization checks of citizens that stipulates measures for the financing of training of personnel and provision of equipment as well as other measures necessary for the activities of these investment funds;

—to examine the question of the exemption from customs duties of equipment and technical assets imported for the activities of investment funds;

—to prepare for submission to the Russian Federation Supreme Soviet a proposal on granting tax privileges to investment funds of all types.

8. To found under the president of the Russian Federation a Commission on Securities and Stock Markets made up of representatives of the Russian Federation State Committee for the Management of State Property, the Russian Federation Ministry of Finance, the Russian Federation State Committee for Antimonopoly Policy, the Russian Federation Central Bank, the Russian Fund of Federal Property, and the stock exchanges.

For the Russian Federation State Committee for the Management of State Property in coordination with the Russian Federation Ministry of Finance to present for approval, prior to 1 December 1992, the makeup of the staff of the Commission on Securities and Stock Markets.

9. For the Russian Federation State Committee for the Management of State Property to draft and approve prior to 1 November 1992:

—a procedure for halting activities and revoking licenses for the right to perform activities as a specialized privatization investment fund accumulating privatization checks of citizens;

—a statute on a procedure for registration of offerings of stock of specialized privatization investment funds accumulating privatization checks of citizens;

—a statute on licensing of the activities of administrators of specialized privatization investment funds accumulating privatization checks of citizens;

—a statute on a procedure for exchanging stock held by property funds for stock of investment funds.

10. For the Russian Federation State Committee for the Management of State Property jointly with the Russian Federation Ministry of Finance to draft prior to 1 November 1992 a statute on the Commission on Securities and Stock Markets.

11. For the Russian Federation Ministry of Finance:

—to draft and approve a statute on licensing the activities of investment funds and a statute on licensing the activities of the administrators of investment funds;

—jointly with the Russian Federation State Committee for the Management of State Property to present for approval prior to 1 November 1992 a statute on the rules for performing accounting in investment funds.

12. For the Russian Federation State Committee for the Management of State Property jointly with the Federal Agency of Governmental Communications and Information under the president of the Russian Federation, the Russian Federation Ministry of Communications, and the Russian Federation Ministry of Finance with the participation of the Russian Federation Central Bank and the Russian Fund of Federal Property to draft, prior to 1 December 1992, principles for the creation and functioning of a Russian telecommunications fund system ensuring on the territory of the Russian Federation a single information space necessary for the activities of the investment funds.

For the government of the Russian Federation to draft, prior to 1 January 1993, a program for the creation of a Russian telecommunications fund system.

13. For the government of the Russian Federation, prior to 1 January 1992, to bring acts of the government of Russian Federation into correspondence with this Edict and to ensure the review and cancellation of acts of ministries, state committees, and agencies of the Russian Federation that contradict this Edict.

14. For corporate persons performing the investment activities defined by point 2 of the Statute on investment funds and point 2 of the Statute on specialized privatization investment funds accumulating privatization checks of citizens to bring their constituent documents into correspondence with this Edict prior to 1 January 1993.

15. To entrust control over the activities of specialized privatization investment funds accumulating privatization checks of citizens to the Russian Federation State Committee for the Management of State Property, and control over the activities of other investment funds to the Russian Federation Ministry of Finance.

16. This Edict goes into effect as of the moment of its signing.

[Signed] *B. Yeltsin, president of the Russian Federation*
Moscow, the Kremlin
7 October 1992
No. 1186

Appendices to Edict on Organization of Securities Market

935D0032A Moscow ROSSIYSKAYA GAZETA in Russian 16 Oct 92 pp 3-8

[Text of Appendices to "Edict on Organization of Securities Market"]

[Text]

Appendix No 1

Statute on Investment Funds

1. General Provisions

1. The Statute on Investment Funds (henceforth called the Statute) defines the general procedure for the establishment and activity of all types of investment funds in the Russian Federation, with the exception of specialized privatization investment funds which accumulate citizens' privatization checks.

2. Any open-type joint stock company which simultaneously carries on activity related to attracting capital by issuing its own stock, investing its own capital in securities of other emissions bodies, and trading in securities and also possesses investment securities whose value is 30 percent or more of the total value of its assets for more than 4 months within the limits of one calendar year is an investment fund.

Other juridical persons which carry on investment activity in accordance with Russian Federation legislation acquire the status of investment fund upon bringing their charter documents into line with this Statute.

3. Banks and insurance companies whose activities are regulated by Russian Federation legislation on banks and insurance companies may not be investment funds.

4. The following are the basic concepts applied for the purposes of this Statute:

an affiliated group of an investment fund is the investment fund, the investment fund's manager, and all affiliated persons of this investment fund and its manager;

a person is any natural or juridical person, including a joint stock company, partnership, or state enterprise;

an affiliated person of a natural or juridical person (joint stock company, partnership, or state enterprise) is its manager, directors and officials, and founders, as well as stockholders to whom 25 percent or more of its stock belongs or an enterprise in which 25 percent or more of the voting stock belongs to this person. All investment funds which have concluded a contract with a manager on managing the investment fund are among the affiliated persons of the manager;

a bank is a juridical person which is founded and carries on its activity in accordance with the RSFSR Law "On Banks and Banking Activity in the RSFSR";

a depositary of an investment fund is a bank or other juridical person which is not an affiliated person of this investment fund but carries on activity with securities, including privatization checks as well as monetary means, belonging to the fund, and keeps a record of the movement of this property of the fund and handles other functions in accordance with the depositary contract;

an open investment fund is an investment fund which issues securities with an obligation to redeem them, that is, grants the owner of the securities of this fund the right, upon demand, to receive a sum of money or other property in exchange for them in accordance with the fund's by-laws;

a closed investment fund is an investment fund which issues securities without the emissions body's obligation to redeem them;

investment securities are any securities, with the exception of securities issued by subsidiary enterprises, in which 50 percent or more of the voting stock belongs to the emissions body;

control is the ability to have a decisive impact on management of the activity of a natural or juridical

person, including on its execution of the appropriate powers to manage an enterprise in which 25 percent or more of the voting stock belongs to this natural or juridical person. The performance by officials of their official duties is not control;

the independent auditor of an investment fund is an audit organization which is not an affiliated person of this fund;

a restricted organization or institution is any person which in accordance with Point 1 of Article 9 of the Russian Federation Law "On Privatization of State and Municipal Enterprises of the Russian Federation" does not have the right to acquire property of state and municipal enterprises which are being privatized; a ministry, department, or other organ of state government; an enterprise which is owned by public organizations (or associations); a committee for managing property or a property fund; an intersectorial state association ["obyedineniye"], association ["assotsiatsiya"], concern, or other voluntary association ["obyedineniye"] of enterprises, including after their organizational-legal form is brought into line with Russian Federation legislation; or other juridical persons over which the persons indicated above exercise control. An association of enterprises is not a restricted organization if less than 25 percent of its capital stock and less than 25 percent of the capital stock of each of the association's founders belong to the state;

the manager of an investment fund is any person who has obtained a license to carry on the activity of an investment fund manager following established procedures and with whom a contract on managing the investment fund has been concluded;

a voucher investment fund is a specialized privatization investment fund which accepts and accumulates privatization checks.

5. The Statute on the Issue and Circulation of Securities and Stock Exchanges in the RSFSR ratified by the Russian Federation Government Decree No 78 of 28 December 1991 and the Statute on Joint Stock Companies ratified by the RSFSR Council of Ministers Decree No 601 of 25 December 1990 are applied to the activity of investment funds taking into account the particular features established by this Statute.

2. Establishment and Registration of an Investment Fund

6. The establishment and registration of an investment fund are carried out following procedures established by Russian Federation legislation for joint stock companies and taking into account the particular features envisioned by this Statute.

7. An investment fund is formed only as an open-type joint stock company.

8. An investment fund may have one or several founders. The number of founders of an investment fund is not limited. Persons, including property funds, other than restricted organizations and institutions may be founders and stockholders of investment funds.

The decision to establish an investment fund is made by the founders' meeting or the sole founder.

The founders' meeting ratifies the investment fund's by-laws formulated in accordance with the Model By-laws of an Investment Fund, elects the investment fund's directors' council, and ratifies the drafts of the depositary contract and the contract with the manager on managing the investment fund and authorizes an official of the fund to conclude them.

9. In addition to the demands made by Russian Federation legislation on the content of a joint stock company's by-laws, an investment fund's by-laws must necessarily contain the following provisions:

definition of the investment fund as an open-type joint stock company;

the type of investment fund—open or closed;

the investment declaration, which establishes the basic directions, objectives, and restrictions of the fund's investment activity and the limits (maximum or minimum) on the proportions of capital stock which may be placed in securities of one type or another;

the procedure for attracting borrowed capital;

statements that all the investment fund's stock is common stock with the same right to vote and to participate in management and with the right to receive property when the fund is liquidated, as well as a statement on the limited or unlimited time of operation of the investment fund;

a prohibition against creating any special or reserve funds;

information on the place, procedures, and schedule for paying out dividends.

10. The words "investment fund" must be included in the name of the investment fund. No persons other than investment funds operating in accordance with this Statute have the right to include the words "investment fund" or words which have a similar meaning in their names.

The name of the investment fund must not denote or imply its affiliation with any national-state or administrative-territorial formation, ministries, departments, or social organizations.

11. A restricted organization or institution may not be an investment fund manager. A bank, insurance organization, or enterprise in which banks or insurance organizations have a 60 percent or greater share of the capital stock and which is not a depositary of this fund may be its manager.

12. An investment fund's capital stock is formed when the fund is established through the founders' contributions and must be at least 1 million rubles [R]. At the time the investment fund is established, its capital stock must be fully distributed among the founders.

The founders are obligated to pay 100 percent of the value of the capital stock no later than 30 days from the day the investment fund is registered.

The first subscription to the investment fund's stock is held no later than 3 months from the day the investment fund is registered.

13. Payment may be made for the investment fund's capital stock using only monetary means in cash or noncash form, securities, or real property.

When the investment fund is established, the proportion of real property must be no more than 25 percent of its capital stock.

Each share of stock gives stockholders the right of one vote at all stockholders' meetings and on a par with other shares of stock—the right to receive dividends and the appropriate part of the fund's property.

14. To register the issue of stock, the emissions body is obligated to submit to the appropriate financial organ a prospectus of the issue made up in accordance with the Model Prospectus of an Issue.

The procedure for registering an issue of investment fund stock is established by the Russian Federation Ministry of Finance.

15. The investment fund is obligated to conclude a depositary contract in accordance with the Basic Provisions of the Depositary Contract.

The depositary keeps all the investment fund's monetary assets and securities. All monetary payments and securities transactions may be handled only through the depositary.

Modifications and additions to the depositary contract may be made by decision of the general meeting of the investment fund's stockholders taking into account the requirements of the Basic Provisions of the Depositary Contract.

The depositary may not be a creditor or guarantor of the investment fund. The depositary handles and controls transactions with the investment fund's securities taking into account the requirements of the depositary contract, including restrictions on the exchange, acquisition, and sale of securities.

16. The investment fund appoints an independent auditor to do an annual audit of the documents and reports of the fund, the manager, and the depositary.

17. The investment fund concludes a contract with the manager on managing the investment fund formulated in accordance with the Model Contract on Managing an Investment Fund. Changes which do not contradict the Model Contract on Managing an Investment Fund may be made to the contract with the manager by decision of the stockholders' general meeting.

The depositary may not be the manager of the investment fund.

A person who concludes a contract with the investment fund on managing the investment fund must have a license.

The activity of an investment fund manager is licensed following procedures established by the Russian Federation Ministry of Finance.

18. Persons who have been convicted of forgery of documents, banknotes, or securities or of misappropriation, bribery, or other crimes for profit cannot be employees, officials, or directors of an investment fund or perform the functions of its manager, independent auditor, or depositary.

3. Registration of the Issue of Securities and Licensing of the Activity of an Investment Fund

19. Investment funds have the right to carry on their activity (to issue, buy, or sell securities, to advertise their activity, and to announce the sale of stock through the mass information media) only after obtaining a license and up until the moment this license is revoked.

The issue of stock is registered and the investment fund's activity is licensed following procedures established by the Russian Federation Ministry of Finance on the basis of documents compiled in accordance with appendices Nos 3-6 to Edict No 1,186 of the president of the Russian Federation of 7 October 1992.

4. Restrictions on the Activity of Investment Funds

20. An investment fund does not have the right to do the following:

to handle other types of investments in addition to investment in securities;

to issue bonds, preferred stock, or other monetary obligations (excluding attracting bank credits following procedures established by the by-laws) whose owners receive a priority right to the fund's property as compared to the owners of common stock;

to acquire voting stock of any joint stock company in the event that after it is acquired more than 10 percent of the voting stock of this company will belong to an affiliated group of the investment fund;

to acquire and have among its assets more than 10 percent of the securities of one emissions body at par value;

to invest more than 5 percent of its net assets in the securities of one emissions body;

to invest capital in the securities of affiliated persons of the investment fund;

to conclude contracts for the sale of securities which do not belong to it or which it does not have the right to acquire;

to attract borrowed capital in the event that the total volume of debt subject to repayment exceeds 10 percent of the market value of the investment fund's net assets as of the date the credit agreement is signed. The term of the loan may not exceed 3 months and there is no right of extension. A fund may conclude a credit agreement only for the purpose of satisfying a short-term need for the money required for the open investment fund to redeem stock from its stockholders;

to issue promissory notes;

to issue guarantees of any type or to make mortgage deals;

to make investments in securities of enterprises whose organizational-legal form envisions full liability;

to make investments in securities issued by the manager, depositary, independent auditor, or founders of the fund, or by stockholders who own 5 percent or more of the fund's stock, or by enterprises which control or are under the control of these persons;

to carry on activity as representatives, brokers, or sellers of objects of privatization, including when the stock, proportional shares, or ordinary shares of enterprises being privatized are for sale;

to acquire securities and other property from its affiliated persons or sell them to those persons;

to invest capital in promissory notes, with the exception of state securities;

to acquire and have among its assets 15 percent or more of all the bonds or promissory notes of one emissions body;

to acquire and have among its assets stock of other investment funds.

21. An investment fund does not have the right to exchange stock it has issued for stock of joint stock companies created in the process of privatization whose holders are the corresponding property funds in an amount exceeding 5 percent of the investment fund's capital stock.

The amount of the investment fund's stock whose holders are the corresponding property funds may not exceed 5 percent of the total amount of stock of this investment fund.

22. In addition to the general restrictions established by this Statute, special restrictions on the activity of various types of investment funds are established by provisions on the procedure for the establishment and activity of the corresponding funds ratified by edicts of the president of the Russian Federation.

5. Management and Control

23. Management of the investment fund and control of its activity are carried on following the procedures envisioned by Russian Federation legislation for joint stock companies and taking into account the particular features established by this Statute.

24. The stockholders' general meeting is the supreme organ of management of the investment fund; the following are under the exclusive jurisdiction of that meeting:

making amendments and additions to the by-laws;

approving the investment declaration, the depositary contract, and the contract with the manager on managing the investment fund, including the procedure for determining the amounts of remuneration for the depositary and the manager, and making changes in and additions to them;

ratifying the annual results of the investment fund's activity;

ratifying the procedure for calculating the dividend;

adopting decisions on creating branches and divisions without the right of a juridical person and on terminating their activity;

appointing members of the audit commission;

electing the investment fund's directors' council;

adopting decisions on liquidating the investment fund and creating the liquidation commission and ratifying its report.

When all stockholders' meetings are held, a quorum is obtained by the presence, personally or through authorized representatives, of the owners of at least 50 percent of the fund's common stock.

A decision is made by a simple majority vote when a quorum is present.

If a quorum is not present, the date of the new stockholders' meeting is 14 calendar days later.

A decision at a repeat meeting is made by a simple majority vote of those stockholders present or of their authorized representatives regardless of whether or not a quorum is present.

25. The first stockholders' meeting is held no later than 14 days after the fund is registered. Once a year the fund holds a stockholders' annual general meeting regardless of other stockholders' meetings held. The period between the annual general meetings must not exceed 15 months.

26. In the period between the general meetings of the fund's stockholders, the directors' council is its supreme organ of management.

27. The number of members of the investment fund's directors' council is determined by the stockholders' general meeting but must be an odd number and at least five.

At the demand of the depositary, its representative must be permitted to attend the meeting of the fund's directors' council.

28. The manager along with affiliated persons of the investment fund's manager may not make up a majority in the directors' council.

29. The investment fund official authorized by the stockholders' general meeting concludes a contract with the manager on managing the investment fund.

A compensation payment may be set for early termination of the contract's operation; it must not exceed 50 percent of the annual remuneration for the manager envisioned by the contract.

Any provision of this contract is invalid if it restricts the investment fund's right to terminate the operation of that contract early without giving the reason.

The requirements of the fund's investment declaration are mandatory for fulfillment by the manager.

The activity of the manager is controlled by the investment fund's directors' council and the depositary.

30. The directors and officials of the manager as well as the directors and officials of the investment fund are obligated to follow these rules:

without the authorization of the investment fund's directors' council, the directors and officials of the manager as well as the directors and officials of the investment fund and the depositary do not have the right to consult any third person in regard to deals with securities in which an enterprise whose capital stock includes a share of the investment fund is a party;

any contract between an enterprise whose capital stock includes a share of the investment fund and directors and officials of the investment fund or directors and officials of the manager must be approved by the investment fund's directors' council;

any deal between the investment fund and an enterprise or other juridical person in which the directors and officials of the fund have an economic interest must be approved by the investment fund's directors' council. The members of the directors' council and the manager are considered to have an economic interest if they have or as a result of the deal will have labor or civil law relations or have or will have the rights of an owner or creditor in relation to the juridical person in which a 5-percent or greater share of the capital stock belongs to the investment fund or to which 5 percent or more of the investment fund's stock belongs;

the directors and officials of the manager as well as the directors and officials of the investment fund are obligated to keep the information obtained from the investment fund confidential.

31. The maximum annual remuneration received by the manager under the contract with the investment fund cannot exceed 5 percent of the average annual value of the investment fund's balance assets figured as the total value of the investment fund's balance assets at the end of each month during the year divided by 12. This sum includes reimbursement of all the manager's expenditures envisioned by the provision on the procedure for appraising net assets of investment funds ratified by the Russian Federation State Committee for the Management of State Property jointly with the Russian Federation Ministry of Finance.

32. The fund's manager bears responsibility for losses inflicted on the investment fund and stockholders by its actions.

6. Appraising Net Assets and Distributing Profits

33. Net assets are appraised in accordance with the provision on the procedure for appraising net assets of investment funds ratified by the Russian Federation State Committee for the Management of State Property jointly with the Russian Federation Ministry of Finance.

34. The investment fund's profits are formed through dividends and interest received on the fund's securities as well as through the income from securities transactions.

35. Before it is distributed to dividends, some of the fund's net profit may be used to increase the fund's capital stock, following procedures and within the limits established by its by-laws and the investment declaration and by decision of the directors' council.

The fund's profits which remain after taxes, compulsory payments, and remuneration of the fund's manager are paid and which are not used to increase capital are distributed among its stockholders as dividends.

36. The conditions, procedure, and periodicity of the payment of dividends are determined by the investment fund's by-laws.

7. Reports

37. No later than 30 days after the end of the fiscal quarter and no later than 60 days after the end of the fiscal year, the investment fund is obligated to submit a financial report to the stockholders for approval and to the Russian Federation Ministry of Finance, and to publish it in the press; this report includes the following information:

the bookkeeping balance with explanation of the fund's investments (providing information on the amount, types, and current market value of securities on the date the report was compiled);

a report on profits and losses as well as dividends paid during this period;

information on the value of the fund's net assets as of the last day of this period appraised in accordance with the provision on the procedure for appraising net assets of investment funds, the amount of stock issued by the investment fund, and the nominal and current market price of one share of stock as of the date the report was compiled, as well as the price at which an open investment fund is obligated to redeem its stock from stockholders;

the amount of payment for services of the manager and the depositary for the period indicated;

information on changes in the make-up of the affiliated persons of members of the directors' council of the investment fund, the manager, and the depositary.

The financial report on the year's results is verified by the independent auditor.

38. No later than 60 days after the end of the fiscal year, the investment fund offers any of the fund's stockholders the opportunity, at no charge, to familiarize himself with information on all contracts concluded by the investment fund and on deals made by it as well as on all payments made between the manager or any affiliated person and any person in whose securities the investment fund has made investments during the report period.

39. The investment fund submits to the Russian Federation Ministry of Finance information on its manager, depositary, and independent auditor and lists of all members of the investment fund's directors' council and members of the directors' councils of the manager, the depositary, and the independent auditor, and offers any interested person or organization the opportunity to familiarize themselves with this information and these lists.

40. The investment fund is prohibited from guaranteeing investors in writing or through advertising a positive income.

41. The fund is obligated to publish quarterly information on the value of the fund's assets verified by the findings of the independent auditor.

The certified statement or other document prepared as a result of the audit is an inseparable part of the annual report on the investment fund's activity.

8. Liquidation and Reorganization of an Investment Fund

42. An investment fund is liquidated:

by decision of the stockholders' general meeting;

by decision of an arbitration court;

on other grounds envisioned by the fund's by-laws.

Reorganization of an investment fund is permitted only with the consent of the organ which issued the license to it.

43. Voluntary liquidation of an investment fund is handled by the liquidation commission appointed by the stockholders' general meeting; and compulsory liquidation—by the commission appointed by the arbitration court. The moment a liquidation commission is appointed, the powers to manage the fund's affairs pass to it. The liquidation commission appraises the investment fund's property, identifies its debtors and creditors and settles accounts with them, takes steps to pay off the fund's debts to third persons, and compiles the liquidation balance and submits it to the stockholders' general meeting.

44. After settling accounts with the budget and with creditors, the liquidation commission distributes the money which the investment fund has, including proceeds from the sale of its property during liquidation, among the fund's stockholders following procedures and under the conditions envisioned by the fund's by-laws and this Statute.

45. The liquidation of the fund is considered complete and the fund to have terminated its activity the moment a record of this is entered in the unified register of investment funds.

46. Investment funds' disputes with juridical and natural persons are reviewed in accordance with Russian Federation legislation by the court and the arbitration court.

Appendix No 2

Statute on Specialized Privatization Investment Funds Which Accumulate Citizens' Privatization checks

1. General Provisions

1. The Statute on Specialized Privatization Investment Funds Which Accumulate Citizens' Privatization checks (henceforth called the Statute) defines the procedure for the establishment and operation of specialized privatization investment funds which accumulate citizens' privatization checks (henceforth called voucher investment funds).

Voucher investment funds accumulate privatization checks of natural and juridical persons for their subsequent use in the process of privatization of state and municipal enterprises.

2. An open-type joint stock company which simultaneously carries on activity related to attracting capital by issuing its own stock, investing its own capital in securities of other emissions bodies, and trading in securities; has invested in securities whose value is 30 percent or

more of the total value of its assets; and accepts and handles transactions with privatization checks is considered a voucher investment fund.

Other juridical persons which carry on investment activity in accordance with Russian Federation legislation acquire the status of a voucher investment fund upon bringing their charter documents into line with this Statute.

3. Banks and insurance companies whose activities are regulated by Russian Federation legislation on banks and insurance companies may not be voucher investment funds.

4. The following are the basic concepts applied for the purposes of this Statute:

an affiliated group of a voucher investment fund is the voucher investment fund, the voucher investment fund's manager, and all affiliated persons of this voucher investment fund and its manager;

a person is any natural or juridical person, including a joint stock company, partnership, or state enterprise;

an affiliated person of a natural or juridical person (joint stock company, partnership, or state enterprise) is its manager, directors and officials, and founders, as well as stockholders to whom 25 percent or more of its stock belongs or an enterprise in which 25 percent or more of the voting stock belongs to this person. All investment funds which have concluded contracts with the manager on managing the investment fund are among the affiliated persons of the manager;

a bank is a juridical person which is founded and carries on its activity in accordance with the RSFSR Law "On Banks and Banking Activity in the RSFSR";

a depositary of a voucher investment fund is a bank or other juridical person which is not an affiliated person of this investment fund but carries on activity with securities, including privatization checks, as well as money belonging to the fund, keeps a record of the movement of this property of the fund, and carries out other functions in accordance with the depositary contract;

an open [sic] investment fund is a voucher investment fund which issues securities without the emissions body's obligation to redeem them;

investment securities are any securities, with the exception of securities issued by subsidiary enterprises, in which more than 50 percent of the voting stock belongs to the emissions body;

control is the ability to have a decisive impact on management of the activity of a natural or juridical person, including on its execution of the appropriate powers to manage an enterprise in which 25 percent or more of the voting stock belongs to this natural or juridical person. The performance by officials of their official duties is not control;

the independent auditor of a voucher investment fund is an audit organization which is not an affiliated person of this fund;

a restricted organization or institution is any person which in accordance with Point 1 of Article 9 of the Russian Federation Law "On Privatization of State and Municipal Enterprises of the Russian Federation" does not have the right to acquire property of state and municipal enterprises which are being privatized; a ministry, department, or other organ of state government; an enterprise which is owned by public organizations (or associations); a committee for managing property or a property fund; an intersectorial state association ["obyedineniye"], association ["assotsiatsiya"], concern, or other voluntary association ["obyedineniye"] of enterprises, including after their organizational-legal form is brought into line with Russian Federation legislation; other juridical persons over whom the persons indicated above exercise control. Any association of enterprises is not a restricted organization if less than 25 percent of its capital stock and less than 25 percent of the capital stock of each of the founders of the association belong to the state;

the manager of a voucher investment fund is any person who has obtained a license to carry on the activity of a voucher investment fund manager following established procedures and with whom a contract on managing the voucher investment fund has been concluded.

5. The effect of the Statute on the Issue and Circulation of Securities and Stock Exchanges in the RSFSR ratified by the Russian Federation Government Decree No 78 of 28 December 1991 does not extend to the procedure for the establishment and operation of voucher investment funds.

The Statute on Joint Stock Companies ratified by the RSFSR Council of Ministers Decree No 601 of 25 December 1990 is applied to the activity of voucher investment funds taking into account the particular features established by this Statute.

2. Establishment and Registration of a Voucher Investment Fund

6. The establishment and registration of a voucher investment fund are carried out following procedures established by Russian Federation legislation for joint stock companies taking into account the particular features envisioned by this Statute.

7. A voucher investment fund is formed only as an open-type joint stock company.

8. A voucher investment fund may have one or several founders. The number of founders of a voucher investment fund is not limited. Any persons other than restricted organizations or institutions may be founders and stockholders of voucher investment funds.

The decision to establish a voucher investment fund is made by the founders' meeting or the sole founder.

The founders' meeting ratifies the voucher investment fund's by-laws formulated in accordance with the Model By-Laws of an Investment Fund, elects the voucher investment fund's directors' council, and ratifies the drafts of the depositary contract and the contract with the manager on managing the voucher investment fund and authorizes an official of the fund to conclude them.

9. Voucher investment funds are closed-type investment funds and do not have the right to redeem their stock from stockholders. The stock of voucher investment funds may be circulated on the securities market or may be sold and bought using a different method.

No restrictions may be established on the purchase and sale of stock of these funds.

10. In addition to the demands made by Russian Federation legislation on the content of a joint stock company's by-laws, a voucher investment fund's by-laws must necessarily contain the following provisions:

definition of the voucher investment fund as an open-type joint stock company;

the type of voucher investment fund (a voucher investment fund can only be a closed investment fund);

the investment declaration, which establishes the basic directions, objectives, and restrictions of the fund's investment activity and the limits (maximum or minimum) on the proportions of capital stock which may be placed in securities of one type or another;

the procedure for attracting borrowed capital;

statements that all the voucher investment fund's stock is common stock with the same right to vote and to participate in management and with the right to receive property when the fund is liquidated, as well as a statement on the limited or unlimited time of operation of the investment fund;

a prohibition against creating any special or reserve funds;

information on the place, procedures, and schedule for paying out dividends.

11. The words "voucher investment fund" and "which has a license from the committee for managing property" and information necessary to distinguish this fund from other organizations must be included in the name of the investment fund. The name of the voucher investment fund must not denote or imply its affiliation with any national-state or administrative-territorial formation, ministries, departments, or social organizations.

No persons other than voucher investment funds operating in accordance with this Statute have the right to include the words "voucher investment fund" or words which have a similar meaning in their names.

12. A restricted organization or institution may not be a voucher investment fund manager. A bank, insurance organization, or enterprise in which banks or insurance organizations have a 60 percent or greater share of the capital stock and which is not a depositary of this fund may be its manager.

13. A voucher investment fund's capital stock is formed when the fund is established through the contributions of the founders and must be at least R500,000. At the time the voucher investment fund is established, its capital stock must be fully distributed among the founders.

The founders are obligated to pay 100 percent of the value of the capital stock no later than 30 days from the day the voucher investment fund is registered.

14. Payment may be made for the voucher investment fund's capital stock using only monetary means in cash or noncash form, privatization checks, securities, or real estate.

When the voucher investment fund is established, the proportion of real property must not exceed 25 percent of the amount of its capital stock.

Each share of stock gives stockholders the right of one vote at all stockholders' meetings and on a par with other shares of stock—the right to receive dividends and the appropriate part of the fund's property.

The amount of the voucher investment fund's capital stock may be increased through an additional issue of stock and its exchange for money and privatization checks.

15. To register the issue of stock, the emissions body is obligated to submit to the Russian Federation State Committee for the Management of State Property a prospectus of the issue made up in accordance with the Model Prospectus of an Issue. The first subscription to the voucher investment fund's stock is held no later than 3 months from the day of its state registration. Each subsequent subscription to the stock may be held only after 3 months have elapsed since the previous one.

When the voucher investment fund's stock is sold (or exchanged) for money and privatization checks, the price of the stock set by the voucher investment fund must necessarily be announced through the mass information media.

16. The procedure for licensing the activity of voucher investment funds and for registering the issue of stock is established by the Russian Federation State Committee for the Management of State Property.

17. The voucher investment fund concludes a depositary contract formulated in accordance with the Basic Provisions of the Depositary Contract. Modifications and additions to the depositary contract may be made by decision of the general meeting of the voucher investment fund's stockholders taking into account the particular features of the Basic Provisions of the Depositary Contract.

The depositary keeps all the fund's money and securities. All cash payments and transactions with securities may be handled only through the depositary.

The depositary may not be a creditor or guarantor of the voucher investment fund. The depositary handles and controls transactions with the voucher investment fund's securities taking into account the requirements of the depositary contract, including restrictions on the exchange, acquisition, and sale of securities.

18. The voucher investment fund appoints an independent auditor to do an annual audit of the documents and reports of the fund, the manager, and the depositary.

19. The voucher investment fund concludes a contract with the manager on managing the voucher investment fund formulated in accordance with the Model Contract With a Manager on Managing a Voucher Investment Fund. Changes and additions to the contract with the manager on managing the voucher investment fund may be made by decision of the stockholders' general meeting taking into account the requirements of this Model Contract. The person who concludes a contract with the voucher investment fund on managing the voucher investment fund must have a license from the Russian Federation State Committee for the Management of State Property.

The activity of a voucher investment fund manager is licensed following procedures established by the Russian Federation State Committee for the Management of State Property.

20. Persons who have been convicted of forgery of documents, bank notes, or securities or of misappropriation, bribery or other crimes for profit cannot be employees, officials, or directors of a voucher investment fund or perform the functions of manager, independent auditor, or depositary of the fund.

3. Registration of the Issue of Securities and Licensing of the Activity of a Voucher Investment Fund

21. Voucher investment funds have the right to carry on their activity (to issue, buy, or sell securities, to advertise their activity, and to announce the sale of stock through the mass information media) only after obtaining a license and until the moment this license is revoked.

22. In order to obtain a license to register the issue of stock, a voucher investment fund submits the following documents to the Russian Federation State Committee for the Management of State Property:

copies of its charter documents witnessed by the organ which handled its registration and compiled in accordance with the Model By-Laws of an Investment Fund;

a petition to register the issue of securities showing the full and abbreviated names of the voucher investment fund, its location, postal address, information on the fund's officials, members of the directors' council, manager, and depositary and their affiliated persons, and the independent auditor;

the prospectus of the issue in a form in keeping with the Model Prospectus of an Investment Fund Issue;

a report on the previous issue of stock;

a copy of the contract with the manager on managing the voucher investment fund and a copy of the depositary contract formulated in accordance with the Basic Provisions of the Depositary Contract and the Model Contract with a Manager on Managing an Investment Fund;

a copy of the license to carry on activity of the manager of a voucher investment fund.

The charter documents and prospectus of the issue of the voucher investment fund submitted to the Russian Federation State Committee for the Management of State Property reflect information on the procedure for the fund to use privatization checks.

23. Assuming no mistakes are found, within 10 calendar days after receiving the appropriate documents the Russian Federation State Committee for the Management of State Property is obligated to issue the investment fund a license for a voucher investment fund and register the issue of its stock.

In the event the documents indicated are not in keeping with this Statute, the Russian Federation State Committee for the Management of State Property informs the investment fund of this within 10 calendar days of the day the documents are submitted and demands changes and additions be made in the documents submitted earlier within a 3-day period. In that case the registration of the issue of the stock and the issuance of the license for the voucher investment fund are suspended for a term of up to 10 days from the day the petition is submitted.

In the event the corrected documents are not submitted before this time has elapsed, the Russian Federation State Committee for the Management of State Property has the right to issue an order refusing to grant the license for a voucher investment fund and to register the issue of its stock.

Refusal to issue a license and register the issue of stock to persons that have submitted documents in accordance with Point 22 of this Statute on other grounds is not permitted.

The procedure for suspending the operation of and revoking the license for the right to carry on activity as a voucher investment fund is established by the Russian Federation State Committee for the Management of State Property.

The code and date of registration of the issue of stock of a voucher investment fund assigned by the registration

organ must necessarily be reflected in the voucher registration fund's license and in the stockholders' register. The organ which handles the registration of the issue of the voucher investment fund's stock issues a license for a voucher investment fund to the emissions body, a letter certifying the act of registration of the issue of stock, and one copy of the prospectus of the issue which is stamped "registered," bound shut, and certified by the seal of this organ.

After the registration of the issue of stock, the emissions body is obligated to make a report through the mass information media on the issue of the stock which includes the schedule for the start of the sale of the stock, the address, location, and telephone number of the organization where buyers may familiarize themselves with the prospectus of the issue and find out the date, time, and place the sale is to be held, and the full name and telephone number of the seller.

4. Restriction of a Voucher Investment Fund's Activity

24. A voucher investment fund's stock, including the founders' stock, may be sold (or exchanged) only for privatization checks or money.

25. A voucher investment fund does not have the right to do the following:

to handle other types of investments in addition to investment in securities;

to acquire voting stock of any joint stock company in the event that after it is acquired more than 10 percent of the voting stock of this company will belong to an affiliated group of the voucher investment fund;

to acquire and have among its assets more than 10 percent of the securities of one emissions body at par value;

to invest more than 5 percent of its own net assets in the securities of one emissions body;

to invest capital in the securities of affiliated persons of the voucher investment fund;

to conclude contracts for the sale of securities which do not belong to it or which it does not have the right to acquire;

to attract borrowed capital;

to issue guarantees of any type or to make mortgage deals;

to make investments in securities of enterprises whose organizational-legal form envisions full liability;

to make investments in securities issued by the manager, depositary, independent auditor, or founders of the fund, or by stockholders who own 5 percent or more of the fund's stock, or by enterprises which control or are under the control of these persons;

to attract borrowed capital or issue bonds, preferred stock, and other monetary obligations;

to carry on activity as representatives, brokers, or sellers of objects of privatization, including when the stock, proportional shares, or ordinary shares of enterprises being privatized are for sale;

to acquire securities and other property from its affiliated persons or sell them to those persons;

to invest capital in promissory notes, with the exception of state securities;

to issue promissory notes;

to acquire and have among its assets 5 percent or more of all the privatization checks issued in the Russian Federation;

to make investments in enterprises which have not undergone state registration in the Russian Federation or which carry on their main activity outside the Russian Federation's territory;

to make deals not related to investment activity or to acquire options or futures contracts of any type;

to acquire and have among its assets stock of other investment funds;

to exchange stock issued by the fund for stock of joint stock companies whose holders are property funds.

26. A voucher investment fund or manager of the fund may not guarantee or promise profits or income or an increase in the value of the fund's stock or promise to redeem or buy the fund's stock.

27. A voucher investment fund is obligated to hold contracts and agreements on all the deals they have made with privatization checks for 5 years from the moment the contract (or agreement) goes into effect and at first demand to submit them to the authorized associates of the committees for managing property.

5. Management and Control

28. Management of the voucher investment fund and control of its activity are carried on following the procedures envisioned by Russian Federation legislation for joint stock companies taking into account the particular features established by this Statute.

29. The stockholders' general meeting is the supreme organ of management of the voucher investment fund; the following are under the exclusive jurisdiction of that meeting:

making amendments and additions to the by-laws;

approving the investment declaration, the depositary contract, and the contract with the manager on managing the voucher investment fund, including the procedure

for determining the amounts of remuneration of the depositary and the manager, and making changes in and additions to them;

electing the voucher investment fund's directors' council;

ratifying the annual results of the voucher investment fund's activity;

ratifying the procedure for calculating the dividend;

adopting decisions on creating branches and divisions of the fund without the right of a juridical person and on terminating their activity;

appointing members of the audit commission;

adopting the decision on liquidating the voucher investment fund and creating the liquidation commission and ratifying its report.

When all stockholder's meetings are held, a quorum is obtained by the presence, personally or through authorized representatives, of the owners of at least 50 percent of the fund's common stock.

A decision is made by a simple majority vote when a quorum is present.

If a quorum is not present, the date of the new stockholders' meeting is 14 calendar days later.

A decision at a repeat meeting is made by a simply majority vote of those stockholders present or of their authorized representatives regardless of whether or not there is a quorum present.

30. The first stockholders' meeting is held no later than 14 days after the voucher investment fund is registered. Once a year the fund holds a stockholders' annual general meeting regardless of other meetings held. The period between annual general meetings must not exceed 15 months.

31. In the period between the general meetings of the voucher investment fund's stockholders, the directors' council is its supreme organ of management.

The number of members of the voucher investment fund's directors' council is determined by the stockholders' general meeting but must be an odd number and at least five.

At the demand of the depositary, its representative must be permitted to attend the meeting of the fund's directors' council.

The manager along with affiliated persons of the manager or the independent auditor of the voucher investment fund may not make up a majority in the directors' council.

32. The voucher investment fund's official authorized by the stockholders' meeting concludes a contract with the manager on managing the voucher investment fund. The manager of the voucher investment fund must be a person who has a license from the Russian Federation State Committee for the Management of State Property to carry on the activity of voucher investment fund manager.

A compensation payment may be set for early termination of the contract's operation; it must not exceed 50 percent of the annual remuneration of the manager envisioned by the contract on managing the voucher investment fund.

Any provision of this contract will be invalid if it restricts the voucher investment fund's right to terminate the operation of that contract early without giving the reason.

The requirements of the fund's investment declaration are mandatory for fulfillment by the manager.

The activity of the manager is controlled by the voucher investment fund's directors' council and the depositary.

33. The directors and officials of the manager as well as the directors and officials of the voucher investment fund and of the depositary are obligated to follow these rules:

without the authorization of the voucher investment fund's directors' council, the directors and officials of the manager as well as the directors and officials of the voucher investment fund and of the depositary do not have the right to consult any third person in regard to deals with securities in which an enterprise whose capital stock includes a share of the voucher investment fund is a party;

any contract between an enterprise whose capital stock includes a share of a voucher investment fund and the directors and officials of the manager or the directors and officials of the voucher investment fund must be approved by the fund's directors' council;

any deal between the voucher investment fund and an enterprise or other juridical person in which the directors and officials of the manager or the directors and officials of the voucher investment fund have an economic interest must be approved by the voucher investment fund's directors' council. The members of the directors' council and the manager are considered to have an economic interest if they have or as a result of the deal will have labor or civil law relations or have or will have the rights of an owner or creditor in relation to the juridical person in which a 5 percent or greater share of the capital stock belongs to the investment fund or to which 5 percent or more of the voucher investment fund's stock belongs;

the directors and officials of the manager as well as the directors and officials of the investment fund and of the depositary are obligated to keep the information obtained from the voucher investment fund confidential.

34. The maximum annual remuneration received by the manager in connection with managing the voucher investment fund must not exceed 10 percent of the average annual value of the voucher investment fund's balance assets figured as the total value of the fund's balance assets at the end of each month during the year divided by 12. This sum includes reimbursement of all the manager's expenses envisioned by the provision on the procedure for appraising net assets of investment funds ratified by the Russian Federation State Committee for the Management of State Property jointly with the Russian Federation Ministry of Finance.

35. The manager of the voucher investment fund bears responsibility for losses inflicted on the fund and stockholders by its actions.

6. Appraising Net Assets and Distributing Profits

36. Net assets are appraised in accordance with the provision on the procedure for appraising net assets of investment funds ratified by the Russian Federation State Committee for the Management of State Property jointly with the Russian Federation Ministry of Finance.

37. The voucher investment fund's profits are formed through dividends and interest received on the fund's securities as well as through the income from transactions with securities and privatization checks.

38. Before it is distributed to dividends, some of the fund's net profit may be used to increase the voucher investment fund's capital stock by decision of the directors' council and following procedures and in the amounts established by the fund's by-laws and investment declaration.

The fund's profits which remain after taxes, compulsory payments, and remuneration of the fund's manager are paid and which are not used to increase capital are distributed among its stockholders as dividends.

39. The conditions, procedure, and periodicity of the payment of dividends are determined by the voucher investment fund's by-laws.

7. Reports

40. No later than 30 days after the end of the fiscal quarter and no later than 60 days after the end of the fiscal year, the voucher investment fund is obligated to submit a financial report to the stockholders for approval and to the Russian Federation State Committee for the Management of State Property, and to publish it in the press; this report includes the following information:

the bookkeeping balance with explanation of the fund's investments (providing information on the amount, types, and current market value of the securities on the date the report was compiled);

a report on profits and losses as well as on dividends paid during this period;

information on the value of the fund's net assets as of the last day of this period appraised in accordance with the provision on the procedure for appraising net assets of investment funds, the amount of stock issued by the investment fund, and the nominal and current market price of one share of stock as of the date the report was compiled;

the amount of payment for services of the manager and the depositary for the period indicated and information on the number of unrealized privatization checks as of the date the report was compiled;

information on changes in the make-up of the affiliated persons of the members of the investment fund's directors' council, the manager, and the depositary.

The financial report on the year's results is verified by the independent auditor.

41. No later than 60 days after the end of the fiscal year, the voucher investment fund offers any of the fund's stockholders the opportunity, at no charge, to familiarize himself with information on all contracts concluded by the voucher investment fund and on deals made by it as well as on all payments made between the manager or any affiliated person and any person in whose securities the voucher investment fund has made investments during the report period.

42. The voucher investment fund submits to the Russian Federation State Committee for the Management of State Property information on its manager, depositary, and independent auditor and lists of all members of the voucher investment fund's directors' council and members of the directors' councils of the manager, the depositary, and the independent auditor, and offers any interested person or organization the opportunity to familiarize themselves with this information and these lists.

43. The voucher investment fund is prohibited from guaranteeing investors in writing or through advertising a positive income or redemption of the voucher investment fund's stock.

44. The voucher investment fund is obligated to publish quarterly information on the value of the fund's assets, including the value and number of unused privatization checks, verified by the findings of the independent auditor.

The certified statement or other document prepared as a result of the audit is an inseparable part of the annual report on the voucher investment fund's activity.

8. Liquidation and Reorganization of a Voucher Investment Fund

45. A voucher investment fund is liquidated:

by decision of the stockholders' general meeting;

by decision of an arbitration court;

on other grounds envisioned by the fund's by-laws.

The liquidation of a voucher investment fund by decision of the stockholders' general meeting may not occur within the first 3 years of the fund's existence.

Reorganization of the voucher investment fund within the first 3 years of its activity is permitted with the consent of the organ which issued the license to it.

46. Voluntary liquidation of a voucher investment fund is handled by the liquidation commission appointed by the stockholders' general meeting; and compulsory liquidation—by the commission appointed by the arbitration court.

The moment the liquidation commission is appointed, the powers to manage the fund's affairs pass to it. The liquidation commission appraises the voucher investment fund's property, identifies its debtors and creditors and settles accounts with them, takes steps to pay the fund's debts to third persons, and compiles the liquidation balance and submits it to the stockholders' general meeting.

47. After settling accounts with the budget and with creditors, the liquidation commission distributes the money the voucher investment fund has, including proceeds from the sale of its property during liquidation, among the fund's stockholders following procedures and under the conditions envisioned by the fund's by-laws.

48. The liquidation of the voucher investment fund is considered complete and the fund to have terminated its activity the moment a record of this is entered in the unified register of investment funds.

49. Voucher investment funds' disputes with juridical and natural persons are reviewed in accordance with Russian Federation legislation by the court and the arbitration court.

Appendix No 3

Model By-Laws of an Investment Fund

1. General Provisions

1. The full official name of the investment fund (henceforth called the fund): the abbreviated name of the fund:

2. The location of the fund: the postal address of the fund:

2. The Legal Status of a Fund

3. A fund is an open-type joint stock company operating in accordance with the Statute on Investment Funds [or the Statute on Specialized Privatization Investment Funds Which Accumulate Citizens' Privatization checks]* (*All denotations and concepts in the text placed in brackets are applied only in relation to specialized privatization investment funds which accumulate citizens' privatization checks.) ratified by Edict of the president of the Russian Federation No 1,186 of 7 October 1992 on the basis of a license issued by the Russian Federation Ministry of Finance [the Russian Federation State Committee for the Management of State Property] No 1,186 of 7 October 1992 [sic].

The fund is an open investment fund and carries obligations to redeem its stock upon the stockholders' demand. [A voucher fund is a closed investment fund and issues securities without the obligation to redeem them.]

4. The fund acquires the rights and obligations of a juridical person from the date of its state registration. The fund has a seal with its name and trademark (or symbol) and current and other accounts in rubles and foreign currency in banking institutions.

Term of operation of the fund:

5. The following are the fund's founders:

6. The fund bears responsibility for its obligations with all its property. The fund is not responsible for stockholders' obligations, while stockholders are responsible for the fund's obligations within the limits of their contributions.

3. The Investment Declaration

7. The following are the objectives of investments:

to insure income from the investments;

to insure augmentation of capital invested.

8. The following are the directions of investment policy:

to provide a brief description of the fund's proposed activity on the securities market;

to indicate the minimum and maximum proportions of the fund's portfolio which it proposes to invest in certain types of securities.

9. Restrictions on Investment Activity

The fund does not have the right to do the following:

to handle other types of investments in addition to investment in securities;

to acquire voting stock of any stock company in the event that after it is acquired more than 10 percent of the voting stock of this company will belong to an affiliated group of the investment fund;

to acquire and have among its assets more than 10 percent of the securities of one emissions body at par value;

to invest more than 5 percent of its net assets in the securities of one emissions body;

to invest capital in securities of affiliated persons of the fund;

to conclude contracts for the sale of securities which do not belong to it or which it does not have the right to acquire;

to attract borrowed capital in the event the total volume of debt subject to repayment will exceed 10 percent of the market value of the investment fund's net assets as of the date the credit agreement is signed. The term of the loan may not exceed 3 months and there is no right of extension. A fund may conclude a credit agreement only for the purpose of satisfying the short-term need for money necessary for the open investment fund to redeem its stock from stockholders;

to issue promissory notes;

to issue guarantees of any type or to make mortgage deals;

to make investments in securities of enterprises whose organizational-legal form envisions full liability;

to make investments in securities issued by the manager, depositary, independent auditor, or founders of the fund, or by stockholders who own 5 percent or more of the fund's stock, or by enterprises which control or are under the control of these persons;

to issue bonds, preferred stock, or other monetary obligations (excluding attracting bank credits following procedures established by the by-laws) whose owners receive a priority right to the fund's property as compared with the holders of common stock;

to carry on activity as representatives, brokers, or sellers of objects of privatization, including when the stock, proportional shares, or ordinary shares of enterprises being privatized are for sale;

to acquire securities and any property from its affiliated persons or to sell securities and other property to them;

to invest capital in promissory notes, with the exception of state securities;

to acquire and have among its assets 15 percent or more of all the bonds or promissory notes of one emissions body;

to acquire and have among its assets stock of other investment funds;

to exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are the corresponding property funds in an amount exceeding 5 percent of the fund's capital stock.

The amount of the fund's stock whose holders are the corresponding property funds may not exceed 5 percent of the total amount of stock of this fund. The depositary may not be a creditor or guarantor of the fund.

[In addition a voucher investment fund may not do the following:

make investments in securities of enterprises which have not undergone state registration in the Russian Federation or which carry on their basic activity outside the Russian Federation's territory;

make deals not related to investment activity or acquire options or future contracts of any kind;

attract borrowed capital or issue bonds, preferred stock, or other monetary obligations;

exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are property funds.

A voucher investment fund may not guarantee investors in writing or through advertising that they will obtain profits or income or that the value of the fund's stock will increase.]

Apart from the requirements indicated above, by decision of the founders the fund imposes additional restrictions on investments.

4. Capital Stock and the Fund's Stock

10. The fund's capital stock totals————rubles.

The quantity of common stock at a par value of————rubles each [the par value of one share of stock of a voucher investment fund is R1,000] is————shares.

11. The fund's capital stock paid for:

in money totaling————thousand rubles;

[in privatization checks totaling————units at a value of————rubles];

in securities totaling————thousand rubles;

in real estate totaling————thousand rubles.

[The amount of capital stock of a voucher investment fund may be increased by issuing stock and selling (or exchanging) it for money and privatization checks.

The first subscription to the stock is held no later than 3 months from the day of the fund's state registration.

Each subsequent subscription to the stock may be made only after 3 months have elapsed since the previous one.

When the voucher investment fund's stock is sold (or exchanged) for money and privatization checks, the price of the stock set by the voucher investment fund must necessarily be announced through the mass information media.]

5. Stockholders' Rights

12. Each of the fund's stockholders has the right to participate in stockholders' meetings personally or

through an authorized representative and to make proposals for discussion in accordance with the fund's by-laws.

13. Each share of stock give stockholders the right of one vote at all stockholders' meetings and on a par with other stock—the right to receive dividends and the appropriate part of the fund's property if the fund is liquidated.

14. In the event the fund is liquidated, its property which remains after creditors' claims are satisfied will be distributed among the holders of common stock in accordance with their shares of stock in the fund's capital stock.

15. The holders of stock of open investment funds have the right to receive a sum of money in exchange for the fund's stock at their demand.

6. The General Meeting of the Fund's Stockholders

16. The stockholders' general meeting is the supreme organ of management of the fund; the following are under its exclusive jurisdiction:

making amendments and additions to the by-laws;

approving the investment declaration, the depositary contract, and the contract with the manager on managing the investment fund, including the procedure for determining the amounts of remuneration of the depositary and the manager, and making changes in and additions to them;

ratifying the annual results of the investment fund's activity;

ratifying the procedure for calculating the dividend;

adopting decisions on creating branches and divisions of the fund without the right of a juridical person and on terminating their activity;

appointing members of the audit commission;

electing the fund's directors' council;

adopting decisions on liquidating the fund and creating the liquidation commission and ratifying its report.

When all stockholders' meetings are held, a quorum is obtained by the presence, personally or through authorized representatives, of the owners of at least 50 percent of the fund's common stock.

A decision is made by a simple majority vote when a quorum is present. If a quorum is not present, the date of the new stockholders' meeting is 14 calendar days later.

A decision at a repeat meeting is made by a simple majority vote of those stockholders present at the meeting or by their authorized representatives regardless of whether or not a quorum is present.

17. The first stockholders' meeting is held no later than 14 days after the fund is registered. Once a year the fund holds a stockholders' annual general meeting regardless of other stockholders' meetings. The period between annual general meetings must not exceed 15 months.

In addition to the annual meeting, extraordinary meetings may be convened. Extraordinary stockholders' meetings may be convened by the fund's manager to review any questions. The fund's manager is obligated to convene an extraordinary meeting upon the demand submitted in writing of a majority of the members of the directors' council, or of stockholders who all together own at least 10 percent of the fund's common stock, or of the depositary in cases where the market value of the fund's net assets based on the fiscal year's results totals less than 50 percent of their balance value. This demand must state the purpose of holding the meeting.

18. Written notification of the convening of the meeting and its agenda must be sent by registered letter to each stockholder at the address indicated in the stockholders' register no later than 30 days before the date the meeting is to be held. By decision of the stockholders' meeting, notification of the holding of the meeting and the agenda may be made through the mass information media. The agenda may not be changed after it is published.

7. The Directors' Council of the Fund

19. In the period between general meetings of the fund's stockholders, the directors' council is its supreme organ of management.

The number of members of the fund's directors' council is determined by the stockholders' general meeting but must be an odd number and include at least five people.

At the demand of the depositary, its representative must be allowed to attend the meeting of the fund's directors' council.

The manager and independent auditor along with affiliated persons of the fund's manager may not make up a majority in the directors' council.

20. The directors and officials of the manager as well as the directors and officials of the fund and the depositary are obligated to follow these rules in their interrelations with the fund:

without the authorization of the fund's directors' council, the directors and officials of the manager as well as the directors and officials of the fund and the depositary do not have the right to consult any third person in regard to deals with securities in which an enterprise whose capital stock includes a share of the fund is a party;

any contract between an enterprise whose capital stock includes a share of the fund and directors and officials of the manager or directors and officials of the fund must be approved by the fund's directors' council;

any deal between the fund and an enterprise or other juridical person in which the directors and officials of the manager or the directors and officials of the fund have an economic interest must be approved by the fund's directors' council. Members of the directors' council and the manager are considered to have an economic interest if they have or as a result of the deal will have labor or civil law relations or have or will have the rights of an owner or creditor in relation to the juridical person in which 5 percent of more of the capital stock belongs to the investment fund or to whom 5 percent or more of the fund's stock belongs;

the directors and officials of the manager as well as the directors and officials of the fund and the depositary are obligated to keep the information obtained from the fund confidential.

21. Members of the fund's directors' council do not have the right to indirectly or directly receive remuneration for influencing the adoption of decisions by the directors' council or the fund's manager.

22. Members of the directors' council bear responsibility to the fund for losses inflicted on it as a result of their failing to perform or improperly performing their functions defined by the by-laws along with their being brought to criminal or other responsibility in accordance with Russian Federation legislation.

8. The Jurisdiction of the Directors' Council of the Fund

23. The directors' council has the right to make decisions on all questions of the fund's activity and its internal affairs, with the exception of questions which are considered the exclusive competence of the stockholders' meeting.

24. The directors' council does not have the right to delegate its powers to other persons or organs.

25. The directors' council has the right to do the following:

adopt normative documents regulating relations within the fund;

adopt the rules for conducting meetings of the directors' council;

give stockholders recommendations regarding the creation of branches and divisions of the fund;

determine the procedure for presenting reports and announcements;

give recommendations on the amount of the dividend being paid to stockholders.

26. All the decisions of the directors' council are made by a simple majority vote of its members present at the meeting, unless Russian Federation legislation envisions otherwise.

27. The agenda of the meeting of the directors' council includes questions proposed for review by stockholders who jointly own at least 5 percent of the common stock.

28. The minutes of all meetings of the directors' council are kept following procedures established by the council. The minutes of the meetings must be available for any stockholder or member of the directors' council or his representative to look over. All minutes must be signed by the chairman and the secretary of the meeting.

9. Appraising Net Assets and Distributing Profits

29. Net assets are appraised in accordance with the provision on the procedure for appraising net assets of investment funds ratified by the Russian Federation State Committee for the Management of State Property jointly with the Russian Federation Ministry of Finance.

30. The fund's profits are formed through dividends and interest received on the fund's securities as well as through income from transactions with securities (or privatization checks).

31. Before it is distributed to dividends, some of the fund's net profit may be used to augment the voucher investment fund's capital stock by decision of the director's council and following procedures and in the amounts set by the fund's by-laws and the investment declaration.

The fund's profits which remain after taxes, compulsory payments, and remuneration of the fund's manager are paid and which are not directed to augment capital are distributed among its stockholders as dividends.

32. The conditions, procedure, and periodicity of payment of dividends on the fund's stock are determined by the by-laws.

10. The Manager of the Fund

33. Management of investments and formation of the fund's stock portfolio is handled by its manager.

34. A restricted organization or institution may not be the fund's manager. A bank or insurance organization or enterprise in which banks or insurance organizations have a 60 percent or greater share of the capital stock and which is not a depositary of this fund may be its manager.

35. A person who has concluded a contract with the fund on managing the investment fund must have a license. Changes in and additions to the contract with the manager on managing the investment fund may be made by decision of the stockholders' general meeting in accordance with the Model Contract With a Manager on Managing an Investment Fund. The depositary may not be the fund's manager.

36. The maximum annual remuneration received by the fund's manager is determined by the contract with the manager on managing the investment fund but may not

exceed 5 [10] percent of the average annual value of the investment funds' balance assets figured as the total value of the balance assets of the investment fund at the end of each month during the year divided by 12. This sum includes reimbursement of all the manager's expenditures envisioned by the provision on the procedure for appraising net assets of investment funds.

37. The fund's manager bears responsibility for losses inflicted on the fund and stockholders by its actions.

38. The rights and obligations of the fund's manager as well as its responsibility to the fund are determined by the fund's by-laws and by the contract with the manager on managing the investment fund.

39. The requirements of the investment declaration are mandatory for fulfillment by the fund's manager. The manager's activity is controlled by the directors' council and the depositary.

11. The Depositary of the Fund

40. The fund is obligated to conclude a depositary contract in accordance with the Basic Provisions of the Depositary Contract. Changes are made in the depositary contract by decision of the stockholders' general meeting.

41. The fund must have only one depositary.

42. The investment fund's depositary is a bank or other juridical person which is not an affiliated person of this investment fund and handles operations with securities (including privatization checks) as well as money belonging to the fund, keeps a record of the movement of this property of the fund, and handles other functions in accordance with the depositary contract.

43. The depositary keeps all the fund's monetary assets and securities, and all cash payments and transactions with securities (including privatization checks) may be handled only through the depositary.

44. The depositary may not be a creditor or guarantor of the investment fund. The depositary handles and controls transactions with securities (including privatization checks) as well as money belonging to the fund taking into account the requirements of the depositary contract, including restrictions on the exchange, acquisition, and sale of the fund's securities.

45. The depositary has the right to independently recruit a bank or trust enterprise as its agent which acts on the depositary's behalf to open current, currency, and other bank accounts and to fulfill other duties of the depositary in accordance with the depositary contract. This appointment should not prevent the depositary from performing its duties.

46. The depositary has the right to demand that an extraordinary stockholders' general meeting be convened in the event that based on the fiscal year's results the market value of the fund's net assets totals less than 50 percent of their balance value.

The depositary has the right to demand that its representative be allowed to attend the meeting of the fund's directors' council.

47. The requirements of the investment fund's investment declaration are mandatory for fulfillment by the depositary.

48. The depositary handles operations with securities [including privatization checks] as well as the fund's money, keeps a record of the movement of this property of the fund, ensures the safety and return of the fund's property, and keeps information on transactions with the fund's property confidential in accordance with the depositary contract.

49. The depositary is obligated to submit reports and other documents on transactions with the fund's property to the fund in accordance with the by-laws and depositary contract.

50. The fund pays the depositary remuneration in an amount set by the depositary contract. Losses inflicted on the fund by the depositary as a result of failing to perform or improperly performing its duties in accordance with the conditions of the depositary contract concluded between them are subject to reimbursement using the depositary's capital in accordance with Russian Federation legislation.

51. The depositary does not use the fund's property as its own assets or when making deals in the interests of the depositary as a juridical person or its affiliated persons or third parties, other than in cases which are determined by the depositary contract.

52. At least once a quarter the depositary is obligated to submit the value of the fund's net assets, including the value per paid share, as of the last report date to the stockholders for approval and to publish it in the press or announce it through the mass information media.

12. Records and Reports

53. The fund keeps records and gives reports on financial activity following procedures established by the provision on the rules for accountancy in investment funds ratified by the Russian Federation Ministry of Finance jointly with the Russian Federation State Committee for the Management of State Property.

54. The fund's first fiscal year begins on the date of its registration and ends on 31 December of that same year. Later fiscal years correspond to the calendar years.

55. Documents of the fund include the following:

the fund's charter documents as well as the normative documents regulating relations within the fund, with their subsequent amendments and additions;

the bookkeeping documents necessary for conducting audits of the fund as well as verification of the fund's activity by the appropriate state organs in accordance with Russian Federation legislation;

minutes of meetings of stockholders, the directors' council, and the audit commission;

the list of persons who have power of attorney to represent the fund;

lists of members of the directors' council and officials of the fund.

These documents must be available to stockholders and their authorized representatives to look over at no charge at any time during the work day.

56. No later than 30 days after the end of the fiscal quarter and 60 days after the end of the fiscal year, the fund is obligated to submit a financial report to the stockholders for approval and to the Russian Federation Ministry of Finance [the Russian Federation State Committee for the Management of State Property] and to publish it in the press; this report includes the following information:

the bookkeeping balance with explanation of the fund's investments (providing information on the amount, types, and current market value of securities on the day the report was compiled);

a report on profits and losses as well as dividends paid during this period;

information on the value of the fund's net assets as of the last day of this period appraised in accordance with the provision on the procedure for appraising the net assets of investment funds, the amount of stock issued by the investment fund, and the nominal and current market price of one share of stock as of the day the report was compiled, as well as the price at which an open investment fund is obligated to redeem its stock from stockholders;

the amount of payment for services of the manager and the depositary during the period indicated;

information on changes in the make-up of the affiliated persons of the members of the investment fund's directors' council, the manager, and the depositary;

[information on the amount of unrealized privatization checks as of the date the report was compiled].

The financial report on the year's results is certified by the independent auditor.

57. No later than 60 days after the end of the fiscal year, the fund offers any of the fund's stockholders the opportunity, free of charge, to familiarize himself with information on all the contracts and deals made by the fund as well as on all payments made between the manager or any affiliated person and any person in whose securities the investment fund made investments during the report period.

58. The investment fund submits to the Russian Federation Ministry of Finance [the Russian Federation State Committee for the Management of State Property] information on its manager, depositary, and independent auditor and lists of all members of the fund's directors' council and members of the directors' councils of the manager, the depositary, and the independent auditor, and also offers any interested person or organization the opportunity to familiarize themselves with this information and these lists.

59. The fund is prohibited from guaranteeing investors in writing or through public advertising a positive income [and redemption of the investment fund's stock at a fixed price agreed upon in advance].

60. The fund is obligated to publish quarterly information on the value of the fund's assets [including the value and amount of unused privatization checks] certified by the findings of the independent auditor. The document (or certified statement) prepared on the basis of the results of the audit is an inseparable part of the annual report on the fund's activity.

13. The Audit Commission

61. Members of the audit commission are appointed by the stockholders' general meeting. The audit commission consists of at least three people and makes decisions by a majority vote of its members. At the directors' council's request, the members of the audit commission may attend its meetings.

62. The audit commission submits a report on the results of the annual audit to the directors' council no later than 10 days before the stockholders' general meeting. Unplanned audits are made by the audit commission at the written request of holders of at least 10 percent of the fund's common stock or of a majority of the members of the directors' council. The fund's directors' council is obligated to supply the audit commission with all the necessary information and documents in a timely manner.

14. Liquidation and Reorganization of a Fund

63. A fund is liquidated:

by decision of the stockholders' general meeting;

by decision of the arbitration court;

on other grounds envisioned by the fund's by-laws.

[A voucher investment fund may not be liquidated by decision of the stockholders' general meeting during the first 3 years of the fund's existence. Reorganization of a voucher investment fund during the first 3 years of its activity is permitted with the consent of the organ which issued a license to it.]

Reorganization of an investment fund is permitted only with the consent of the organ which issued the license to it.

64. Voluntary liquidation of a fund is handled only by the liquidation commission appointed by the stockholders' general meeting; and compulsory liquidation—by the commission appointed by the arbitration court.

The moment the liquidation commission is appointed, the powers to manage the fund's affairs pass to it.

The liquidation commission appraises the fund's property, identifies its debtors and creditors and settles accounts with them, takes steps to pay the fund's debts to third persons, and compiles the liquidation balance and submits it to the stockholders' general meeting.

65. The liquidation commission publishes reports on the fund's liquidation and the procedures and time period for creditors to present claims in the official press where the fund is located. The commission must publish the first report no later than a week after its creation and repeat it no earlier than 14 and no later than 40 days after that.

66. The fund's property is sold by the liquidation commission at auction. The proceeds from this sale are used to satisfy creditors' demands. The remaining capital is distributed among stockholders.

67. In the event the fund's capital is insufficient to satisfy all obligations to creditors, it is distributed among the creditors in the appropriate order and in proportion to the sum of the creditors' claims.

68. After settling accounts with the budget and with creditors, the liquidation commission distributes the fund's money, including proceeds from the sale of its property during liquidation, among the fund's stockholders following procedures and under the conditions envisioned by its by-laws.

69. The fund is considered liquidated the moment the corresponding record of that is entered in the unified register of investment funds.

70. Disputes of funds with juridical and natural persons are reviewed in accordance with Russian Federation legislation by the court and the arbitration court.

Appendix No 4

Basic Provisions of the Depositary Contract

The basic provisions of the depositary contract define the mandatory conditions of the depositary contract, but other conditions which do not contradict Russian Federation legislation may be envisioned in addition to them. The depositary contract is concluded between an investment fund (henceforth called the fund) and the depositary.

A depositary of an investment fund is a bank or other juridical person which is not an affiliated person of this investment fund but handles operations with securities, including privatization checks, as well as money belonging to the fund, keeps a record of the movement of this property of the fund, and performs other functions in accordance with the depositary contract.

1. The Object of the Contract

1. The fund transfers and directs operations with securities, including privatization checks, as well as the fund's money, and the depositary is obligated to accept and perform them within the limits set by the fund's instructions, on the fund's behalf, and at the fund's expense.

The depositary handles and controls transactions with the fund's securities taking into account the requirements of the depositary contract, the fund's by-laws, and the investment declaration, including restrictions on the exchange, acquisition, and sale of securities.

2. Rights and Obligations of the Parties

2. The depositary is obligated to do the following:

handle operations with securities [including privatization checks]* (*All denotations and concepts in the text placed in brackets are applied only in relation to specialized privatization investment funds which accumulate citizens' privatization checks.);

on the basis of the fund's instructions handle account, cash, and—in cases when a bank is the depositary—bank transactions;

accept the fund's property obtained from the fund and third persons for safe custody;

ensure the safety and return of the fund's property, keep records and handle transactions related to the movement of this property, and keep and present to the fund primary documents on the accounting of this property;

open current, currency, and other bank accounts of the fund for the storage and subsequent use of the fund's money and securities;

handle operations involving the fund's property upon receiving written instructions and contracts concluded signed by the fund's manager or another person authorized by the fund's directors' council, as well as those operations envisioned by the depositary contract. The fund's instructions should precisely define the property of the fund which should be acquired, exchanged, or sold, the parties with whom these deals should be made or the market on which they should be carried out, and the term and conditions for making the deals, including the price;

fulfill the fund's instructions on transferring money [using privatization checks] to pay for securities and

other types of property and ensure the timely receipt and recording of the securities being acquired and proof of ownership;

at the fund's instructions transfer stock belonging to the fund when that stock is sold or exchanged and receive and enter in the fund's accounts money and securities [privatization checks] received in payment in accordance with the requirements of the depositary contract, the by-laws, and the investment declaration;

on behalf of the fund act as a trustee and holder of all income on capital invested as well as other payments and income received from transactions with securities and other property of the fund;

upon receiving the appropriate instructions use the money in the fund's account to pay its expenses, including paying remuneration to the manager, in accordance with the provision on the procedure for appraising net assets of investment funds. The corresponding instructions should include figures confirming that the manager's remuneration does not exceed the amount set by the contract with the manager on managing the investment fund;

upon receiving the appropriate instructions use the money in the fund's account to pay dividends to the fund's stockholders in accordance with the procedure for calculating dividends ratified by the stockholders' general meeting;

confirm in writing the receipt of notification of meetings as well as information and documents dealing with the securities belonging to the fund;

make official and issue the necessary powers of attorney when the corresponding instructions are received;

not to undertake any actions regarding the securities belonging to the fund other than those in keeping with the powers envisioned by the depositary contract and the fund's instructions;

promptly inform the fund's directors' council of actions of the fund's manager which contradict Russian Federation legislation or the by-laws, investment declaration, or other documents of the fund;

keep information obtained in connection with fulfilling the conditions of the depositary contract confidential;

not to use the fund's property as its own assets or when making deals in the interests of the depositary as a juridical person, or of its affiliated persons, or of third persons other than in cases determined by the depositary contract;

at least once a quarter submit to the stockholders for review and broadcast through the mass information media information on the value of the investment fund's net assets as of the last report date, including the value per paid share of stock;

the members of the directors' council of the depositary may not be members of the directors' council of the manager or the directors' council of the fund or be acting members of these councils;

keep separate records and make up reports on the condition and movement of the fund's property and submit them to the fund's directors' council every quarter. Recordkeeping and report documents on the fund's activity are the fund's property and are open for the fund's stockholders and their representatives and auditors to look over.

The report submitted by the depositary to the fund's directors' council must necessarily include the following information:

enumeration of the fund's investments at the start and the end of the report period showing their value determined in accordance with the provision on the procedure for appraising net assets of investment funds;

investment income (income from interest and dividends on the fund's investments) during the report period;

the increase (or decrease) in the value of the fund's assets depending on the rise (or drop) in the market price of the securities which make up the fund's portfolio (showing realized and unrealized profits or losses);

the fund's gross income which includes investment income and profits (or losses) from the sale of securities from the fund's portfolio;

the amount of the fund's stock issued, sold, and exchanged during the report period and as of the report date;

the fund's expenditures during the report period;

the value of the fund's net assets per paid share of the fund's stock;

the relationship of the fund's expenditures to the value of its net assets;

the relationship of the fund's gross income during the report period to the value of its net assets at the end of the report period;

the current price of the fund's stock as of the date the report was compiled (the current market price for closed funds and the price for redemption of the stock from stockholders for open funds);

a report on the financial results, the use of income, and dividends paid during the report period and other forms of reporting;

[information on the amount of unused privatization checks as of the date the report was compiled];

information on the make-up and changes in the make-up of the affiliated persons of the depositary.

The annual report must be signed by the independent auditor. The document (certified statement) prepared on the basis of the results of the audit is an inseparable part of the depositary's reporting which is signed by an official of the depositary.

3. The depositary has the following rights:

to independently recruit a bank or trust enterprise as its agent (henceforth called agent) which acts on the depositary's behalf, opens current, currency, and other accounts of the fund, stores and keeps records of the fund's property, and fulfills other duties of the depositary in accordance with the depositary contract. The recruitment of the agent should not prevent the depositary from performing its duties;

without the fund's special instructions to exchange the fund's temporary securities for permanent ones and surrender them for transfer to the name of an agent, or to exchange securities for certificates or documents of the same emissions body which confirm a value equal to the value of the securities being exchanged;

to demand from the fund and its manager that they submit payment and other documents necessary to fulfill the duties of depositary under this Statute and make changes in the payment documents received from the fund in the event they conflict with the requirements of the by-laws and investment declaration, including restrictions on the exchange, acquisition, and sale of securities;

to demand from the fund that a representative of the depositary be allowed to attend the meeting of the fund's directors' council;

to demand the convening of an extraordinary stockholders' meeting in cases when the market value of the net assets based on the results of the fiscal year is less than 50 percent of their balance value;

to make proposals to the directors' council and to the fund's manager on issues involving the activity of the fund and its manager;

in accordance with the conditions of the contract to demand reimbursement of expenditures connected with performance of its duties.

4. The fund is obligated to do the following:

to establish the powers necessary for the depositary to perform its duties in accordance with the depositary contract concluded;

to transfer the securities [including privatization checks] as well as money to the depositary's custody within a 7-day period from the date the depositary contract is signed in conformance with the acceptance and transfer document;

at the depositary's request to present powers of attorney and other documents to the depositary;

to deliver copies of the fund's by-laws and the prospectus of the issue to the depositary and to notify it of all amendments and additions to the by-laws;

to allow a representative of the depositary to attend the meeting of the fund's directors' council at the depositary's demand;

to reimburse the depositary's expenditures connected with the performance of its functions in accordance with the conditions of the depositary contracted concluded with it.

The fund's directors' council must submit to the depositary a list of persons authorized to give instructions on the fund's behalf to handle operations involving its property showing the last names, first names, and patronymics, posts, and samples signatures and subsequently to inform the depositary promptly of all changes in and additions to this list. The powers of these persons may be related to certain or to all types of operations with the fund's property.

3. The Investment Declaration

5. The following are the objectives of investments:

to ensure that investments produce income;

to ensure augmentation of invested capital.

6. The following are the directions of investment policy:

to provide a brief description of the fund's proposed activity on the securities market;

to indicate the minimum and maximum proportions of the fund's portfolio which it proposes to invest in the particular types of securities.

7. Restrictions on Investment Activity

The fund does not have the right to do the following:

to handle other types of investments in addition to investment in securities;

to acquire voting stock of any joint stock company in the event that after it is acquired more than 10 percent of the voting stock of this company will belong to an affiliated group of the investment fund;

to acquire and have among its assets more than 10 percent of the securities of one emissions body at par value;

to invest more than 5 percent of its net assets in the securities of one emissions body;

to invest capital in securities of affiliated persons of the fund;

to conclude contracts for the sale of securities which do not belong to it or which it does not have the right to acquire;

to attract borrowed capital in the event that the total volume of debt subject to repayment will exceed 10 percent of the market value of the investment fund's net assets as of the date the credit agreement is signed. The term of the loan may not exceed 3 months and there is no right of extension. A fund may conclude a credit agreement only for the purpose of satisfying a short-term need for the money required for the open investment fund to redeem its stock from stockholders;

to issue promissory notes;

to make investments in securities of enterprises whose organizational-legal form envisions full liability;

to make investments in securities issued by the manager, the depositary, the independent auditor, or the founders of the fund, or by stockholders who own 5 percent or more of the fund's stock, or by enterprises which control or are under the control of these persons;

to issue bonds, preferred stock, or other monetary obligations (excluding attracting bank credits following procedures established by the by-laws) whose owners receive a priority right to the fund's property as compared with the owners of common stock;

to carry on activity as representatives, brokers, or sellers of objects of privatization, including when the stock, proportional shares, or ordinary shares of enterprises being privatized are for sale;

to acquire securities and any property from its affiliated persons or to sell securities and other property to them;

to invest capital in promissory notes, with the exception of state securities;

to acquire and have among its assets 15 percent or more of all bonds or promissory notes of one emissions body;

to acquire and have among its assets stock of other investment funds;

to exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are the corresponding property funds in an amount exceeding 5 percent of the investment fund's capital stock.

The depositary may not be a creditor or guarantor of the fund, issue guarantees of any type, or make mortgage deals.

The number of shares of a fund's stock held by the corresponding property funds may not exceed 5 percent of the total amount of this fund's stock.

[In addition a voucher fund may not do the following:

make investments in securities of enterprises which have not undergone state registration in the Russian Federation or which carry on their basic activity outside the Russian Federation's territory;

make deals not related to investment activity or acquire options or futures contracts of any type;

attract borrowed capital or issue bonds, preferred stock, or other monetary obligations;

acquire and have among its assets stock of other investment funds;

exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are property funds.

A voucher investment fund may not guarantee investors in writing or through advertising that they will obtain profits or income or that the value of the fund's stock will increase.]

Apart from the requirements indicated above, by decision of the founders the fund imposes additional restrictions on investments.

4. The Responsibility of the Parties

8. Losses inflicted on the fund by the depositary as a result of failing to perform or improperly performing its duties in accordance with the conditions of the contract concluded between them are subject to reimbursement in accordance with Russian Federation legislation.

9. The depositary does not bear responsibility to the fund and the stockholders for losses caused by the action or inaction of the depositary which was validly relying on the fund's written instructions.

10. The fund is obligated to reimburse the depositary's losses (under lawsuits brought, court decisions, and other cases) which occur in connection with the depositary's performance of its duties and which stem from the conditions of the depositary contract.

5. Remuneration of the Depositary

11. The fund pays the depositary remuneration in the amount of rubles by transferring money to the depositary's account no later than 5 days after the last day of the report quarter.

12. The amount of the remuneration may be changed by the written instructions of the fund's directors' council with the consent of the depositary, which is certified by the depositary's signature.

6. Other Provisions

13. Disputes arising in connection with the parties fulfilling the depositary contract are subject to review in an arbitration court.

14. Changes in the conditions of the contract are made only with the mutual consent of the fund and the depositary formalized in writing.

15. The fund has the right to cancel the depositary contract unilaterally by sending written notification to the depositary. The contract is considered canceled on the day the depositary receives the notification.

The depositary has the right to cancel the depositary contract unilaterally by sending written notification to the fund. The contract is considered canceled 6 months from the day the fund receives the notification.

The rights and obligations under the contract concluded may not be transferred to third persons unless the depositary contract establishes otherwise.

16. The depositary is obligated to cooperate with its legal successor and with the fund to ensure that all documents are filled out and all actions necessary for the successor depositary to be able to handle transactions and operations with the fund's property are carried out.

17. In the event the contract is terminated, the depositary has the right to reimbursement of all costs and expenditures under the depositary contract before it returns the fund's property to the fund.

Appendix No 5

The Model Contract With the Manager on Managing an Investment Fund

The city of:————; date:————19;
(hereinafter called the manager)
(the full name of the investment fund)
operating on the basis of the by-laws, on the one hand in the person of:————(last name, first name, patronymic, and post), and (hereinafter called the manager)
(full name of the juridical person) in the person of:————(last name, first name, patronymic, and post) operating on the basis of on the other hand, have concluded a contract as follows:

1. The Object of the Contract

1. The fund directs the manager to handle management of investments and formation of the portfolio of the fund's securities and act as the fund's investment counselor in accordance with the conditions of this contract. The manager confirms his assent to render these services to the fund.

The list and scope of services rendered by the manager are determined by the fund's directors' council.

The fund's directors' council has the right to determine the list of deals which the manager concludes only with the approval of the directors' council.

2. The Rights and Obligations of the Parties

2. The Manager is obligated to do the following:

to provide effective management of investments and the securities portfolio and the fund's other property with the greatest benefit in the interests of all the fund's stockholders;

to inform the fund's directors' council in writing of decisions made by it regarding the fund's investments at the times set by the directors' council;

before the stockholders' annual meeting to submit to the fund's directors' council a draft report on the fund's activity based on the results of the regular fiscal year with all the necessary materials as well as proposals on questions of the fund's investment policy;

upon receiving a written request from the fund's directors' council, to submit a brief list and analysis of the decisions made by it on the management of the investments during the report period;

to submit to the fund's directors' council a quarterly report in the form the council establishes on the expenditures covered by it during the report period using the fund's capital;

to control the accuracy and timeliness of the preparation of the fund's reports and every quarter, no later than the 10th day of the month following the end of the report quarter, to submit the following to the fund's directors' council:

a) the fund's bookkeeping balance at the start and the end of the report period, the report on the financial results and the use of income, and other forms of bookkeeping reports. Reports on the results of the fiscal year are confirmed by the fund's independent auditor;

b) a list of the main deals with securities [privatization checks] and other assets of the fund determined by the fund's directors' council during the report period;

c) changes in the make-up of the directors' council of the manager and its affiliated persons;

to do everything possible to protect the fund's interests;

to handle all administrative activity and carry on correspondence and operations work on the fund's behalf;

to ensure that the information on the fund's investments remains confidential and to take appropriate steps (including concluding contracts on confidentiality) to guarantee that any person appointed by the manager to manage the fund's investments or to provide analytical

services for the fund under this agreement keeps information regarding the fund's investments confidential (both while providing services and after this period is over); to ensure that the fund's documents are accurately filled out and kept safe;

to control the accuracy of the register of the fund's stockholders;

to ensure that full dividends are paid to the fund's stockholders in a timely manner;

to control the preparation, dissemination, and publication of information relating to the investment fund, including notices on the organization of joint stock companies (among other things notices needed to include the fund's stock in the quotations bulletin of the stock exchange), brochures, financial reports, and advertising-type materials;

to help publicize the fund's activity and to provide other services to the fund under the agreement between the manager and the directors' council of the fund;

to regularly consult the fund's directors' council on questions of the fund's investment policy. The directors' council appoints one or several of its members to participate in regular consultations with the fund's manager.

3. The manager has the right to do the following:

on the fund's behalf to make deals with securities [including privatization checks] as well as money in order to invest in securities and to make other deals with the fund's assets in accordance with Russian Federation legislation, the fund's by-laws, and the investment declaration, and to issue instructions which are mandatory for the depositary. The manager bears full responsibility for the decisions it makes on managing the fund's investments and forming its investment portfolio. The members of the fund's directors' council do not have the right to make deals with securities [including privatization checks] or the fund's money;

to use the fund's money to finance expenditures related to the fund's activity in accordance with the provision on the procedure for appraising net assets of investment funds and the investment declaration;

to represent the fund in organs of management and in contacts and negotiations with all joint stock companies, partnerships, and other enterprises in whose securities the fund makes investments;

to have one non-voting representative as an observer at all meetings of the fund's directors' council, with the exception of those points in the meetings when voting or discussion of questions related to the activity or conditions of the conclusion of the contract with the manager on managing the investment fund is underway;

to demand from the fund's directors' council that it transfer to the manager (by issuing a power of attorney) the right to sign documents or other powers so the manager can perform its duties on the fund's behalf in accordance with this contract and the fund's by-laws.

4. The fund in the person of the directors' council is obligated to do the following:

upon the written demand of the manager to take all the necessary steps to transfer to the manager (by issuing a power of attorney) the right to sign documents so the manager can perform its duties in accordance with this contract, the investment declaration, and the fund's by-laws;

to monitor the manager's performance of its duties under this contract. The fund has the right to cancel the contract at its discretion in the event the manager fails to perform them or performs them improperly.

3. The Investment Declaration

5. The following are the objectives of investments:

to ensure that the investments produce income;

to ensure augmentation of invested capital.

6. The following are the directions of investment policy:

to provide a brief description of the fund's proposed activity on the securities market;

to indicate the minimum and maximum proportions of the fund's portfolio which it proposes to invest in particular types of securities.

7. Restrictions on Investment Activity

The fund does not have the right to do the following:

to handle other types of investments in addition to investment in securities;

to acquire voting stock of any joint stock company in the event that after it is acquired more than 10 percent of the voting stock of this company will belong to an affiliated group of the investment fund;

to acquire and have among its assets more than 10 percent of the securities of one emissions body at par value;

to invest more than 5 percent of its net assets in securities of one emissions body;

to invest capital in the securities of affiliated persons of the fund;

to conclude contracts for the sale of securities which do not belong to it or which it does not have the right to acquire;

to attract borrowed capital in the event the total volume of debt subject to repayment will exceed 10 percent of the market value of the investment fund's net assets as of the day the credit agreement is signed. The term of the loan may not exceed 3 months and there is no

right of extension. A fund may conclude a credit agreement only for the purpose of satisfying a short-term need for the money required for the open investment fund to redeem its stock from stockholders;

to issue promissory notes;

to issue guarantees of any type or to make mortgage deals;

to make investments in securities of enterprises whose organizational-legal form envisions full liability;

to make investments in securities issued by the manager, depositary, independent auditor, or founders of the fund, or by stockholders who own 5 percent or more of the fund's stock, or by enterprises which control or are under the control of these persons;

to issue bonds, preferred stock, or other monetary obligations (excluding attracting bank credits following procedures established by the by-laws) whose owners receive a priority right to the fund's property as compared with the owners of common stock;

to carry on activity as representatives, brokers, or sellers of objects of privatization, including when the stock, proportional shares, or ordinary shares of enterprises being privatized are for sale;

to acquire securities and any property from its affiliated persons or to sell securities and other property to them;

to invest capital in promissory notes, with the exception of state securities;

to acquire and have among its assets 15 percent or more of all the bonds or promissory notes of one emissions body;

to acquire and have among its assets stock of other investment funds;

to exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are the corresponding property funds in an amount exceeding 5 percent of the fund's capital stock.

The depositary may not be a creditor or guarantor of the fund.

The amount of the fund's stock whose holders are the corresponding property funds may not exceed 5 percent of the total amount of stock of this fund.

[In addition a voucher fund may not do the following:

make investments in securities of enterprises which have not undergone state registration in the Russian Federation or which carry on their basic activity outside the Russian Federation's territory;

make deals not related to investment activity or acquire options or futures contracts of any type;

attract borrowed capital or issue bonds, preferred stock, or other monetary obligations;

exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are property funds.

A voucher investment fund may not guarantee investors in writing or through advertising a profit or income or an increase in the value of the fund's stock.]

Apart from the requirements indicated above, by decision of the founders a fund imposes additional restrictions on investments.

4. Remuneration and Expenditures of the Manager

8. The manager receives remuneration for rendering services to the fund in accordance with this contract.

9. The amount of remuneration of the manager is set at the sum of————rubles a year. Remuneration is paid quarterly to the manager on the last day of the fiscal quarter.

10. Based on the year's results the manager receives additional bonus remuneration in a sum totaling————percent of the amount of the increase in the fund's net assets during the report year.

11. The maximum annual remuneration the manager receives in connection with managing the investment fund must not exceed 5 [10] percent of the average annual value of the investment fund's balance assets figured as the total value of the investment fund's balance assets at the end of each month during the year divided by 12. This sum includes reimbursement of all the manager's expenditures envisioned by the provision on the procedure for appraising net assets of investment funds.

12. Expenditures for the labor payment and business trips of the manager's employees, rental of office space, and acquisition of property by the manager and other expenditures related to the activity of the manager itself are covered using the manager's capital.

5. Costs of the Fund

13. Costs related to the fund's activity are paid using the fund's capital following procedures established by the provision on the procedure for appraising net assets of investment funds.

6. Restrictions on the Manager

14. The manager does not have the right directly or through third persons to make deals on investing the fund's property in securities issued by the manager itself or by persons who control the manager or are under the control of the manager or, without the prior written consent of the directors' fund, in securities of enterprises in which the manager has an economic interest.

15. The manager has the right to conclude financial agreements or contracts with other investment funds only upon the agreement of the fund's directors' council.

16. Without the authorization of the fund's directors' council, the manager does not have the right to consult any third person in regard to deals in which an enterprise where the fund's share of the capital stock is 5 percent or more is a party.

17. Any contract between the manager and an enterprise where a 5 percent or greater share of the capital stock belongs to the fund must be approved by the fund's directors' council.

18. The manager does not have the right to make decisions related to types of the fund's activity prohibited by Russian Federation legislation, the fund's by-laws, or the investment declaration.

7. Termination of the Operation of the Contract and Responsibility of the Parties

19. This contract goes into effect the moment it is signed and is terminated on————199—, with the exception of cases envisioned by points 21 or 22 of this contract.

20. Early cancellation of the contract occurs in the following cases:

a) by mutual consent of the parties;

b) unilaterally with no mandatory explanation of the reasons:

by decision of the directors' council on the day the manager receives written notification;

by the manager 3 months after the manager notifies the fund's directors' council that it is resigning;

c) in the event of liquidation of the fund or the liquidation (or death) of the manager.

21. In the event of the early cancellation of the contract by decision of the directors' council, on the day the operation of the contract is terminated the fund pays the manager the sum of thousand rubles, which does not exceed 50 percent of the total remuneration of the manager indicated in Point 9 of this contract, as well as additional bonus remuneration in the amount of————thousand rubles but no more than————percent of the amount of increase in the fund's net assets during the operation of this contract.

22. In the event of early cancellation of the contract at the manager's initiative, on the day the operation of the contract is terminated the fund's manager pays the fund a sum of money which does not exceed 75 percent of the total remuneration of the manager indicated in Point 9 of this contract.

23. When a contract is canceled, the manager transfers all the fund's documents to the person authorized by the directors' council.

24. The manager is obligated to reimburse losses inflicted on the fund by its failure to perform or improper performance of its duties in accordance with Russian Federation legislation.

25. Disputes arising in connection with the fulfillment of this contract are reviewed by the court and the arbitration court.

26. This contract may be modified upon written agreement of the parties.

27. The rights and obligations under this contract may not be transferred to third persons.

28. The contract is prepared in————copies and all copies have the same legal force.

For the fund:
(the full name of the fund and its bank requisites)
(the last name, first name, and patronymic of the person authorized by the founders to sign this contract) Place for seal:

For the manager:
(full name and bank requisites for a juridical person, and last name, first name, and patronymic and passport information for a natural person)
(last name, first name, and patronymic and post of the official—for juridical persons) Place for seal:

Appendix No 6

Model Prospectus of an Investment Fund Issue

1. Basic Information on the Investment Fund

1. The full and abbreviated name of the investment fund

2. The organizational-legal form of the investment fund is an open-type joint stock company.

3. The type of investment fund: (open or closed; a closed voucher investment fund).

4. The location of the fund and its bank requisites:

5. The emissions body and the guarantors of its issue and other investment institutions which distributed its securities by agreement with it bear responsibility for the authenticity of the data provided in the prospectus of the issue.

The organ handling registration of the issue of the emissions body's stock does not bear responsibility for the authenticity of the information provided in the prospectus of the issue.

2. The Investment Declaration

6. The following are the objectives of investments:

to ensure that the investments produce income;

to ensure augmentation of the invested capital.

7. The following are the directions of the investment policy:

to provide a brief description of the fund's proposed activity on the securities market;

to indicate the minimum and maximum proportions of the fund's portfolio which it proposes to invest in particular types of securities.

8. Restrictions on Investment Activity

The fund does not have the right to do the following:

to handle other types of investments in addition to investment in securities;

to acquire voting stock of any joint stock company in the event that after it is acquired more than 10 percent of the voting stock of this company will belong to an affiliated group of the investment fund;

to acquire and have among its assets more than 10 percent of the securities of one emissions body at par value;

to invest more than 5 percent of its net assets in securities of one emissions body;

to invest capital in the securities of affiliated persons of the fund;

to conclude contracts for the sale of securities which do not belong to it or which it does not have the right to acquire;

to attract borrowed capital in the event the total volume of debt subject to repayment will exceed 10 percent of the market value of the investment fund's net assets as of the date the credit agreement is signed. The term of the loan may not exceed 3 months and there is no right of extension. A fund may conclude a credit agreement only for the purpose of satisfying the short-term need for the money required for the open investment fund to redeem its stock from stockholders;

to issue promissory notes;

to issue guarantees of any type or to make mortgage deals;

to make investments in securities of enterprises whose organizational-legal form envisions full liability;

to make investments in securities issued by the manager, depositary, independent auditor, or founders of the fund, or by stockholders who own 5 percent or more of the fund's stock, or by enterprises which control or are under the control of these persons;

to issue bonds, preferred stock, or other monetary obligations (excluding attracting bank credits following procedures envisioned by the by-laws) whose owners receive a priority right to the fund's property as compared with the owners of common stock;

to carry on activity as representatives, brokers, or sellers of objects of privatization, including when the stock, proportional shares, or ordinary shares of enterprises being privatized are for sale;

to acquire securities and any property from its affiliated persons or to sell securities and other property to them;

to invest capital in promissory notes, with the exception of state securities;

to acquire and have among its assets 15 percent or more of all the bonds or promissory notes of one emissions body;

to acquire and have among its assets stock of other investment funds;

to exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are the corresponding property funds in an amount exceeding 5 percent of the fund's capital stock.

The depositary may not be a creditor or guarantor of the fund.

The amount of the fund's stock whose holders are the corresponding property funds may not exceed 5 percent of the total amount of stock of this fund.

[In addition a voucher fund may not do the following:

make investments in securities of enterprises which have not undergone state registration in the Russian Federation or carry on their basic activity outside the Russian Federation's territory;

make deals not related to investment activity or acquire options or futures contracts of any kind;

attract borrowed capital or issue bonds, preferred stock, or other monetary obligations;

exchange stock issued by the fund for stock of joint stock companies created in the process of privatization whose holders are property funds.

A voucher investment fund may not guarantee investors in writing or through advertising a profit or income or an increase in the value of the fund's stock.]

Apart from the requirements indicated above, by decision of the founders the fund imposes additional restrictions on investments.

3. Information on the Forthcoming Issue of Securities

9. The amount of capital stock when founded (in thousands of rubles.

The amount of the capital stock taking into account the supplemental issue of stock (in thousands of rubles).

10. The type of securities being issued (common stock).

11. The par value of one share of stock (in rubles).

12. The amount of stock being issued (shares).

13. The initial price of one share of stock at the start of the subscription (in rubles).

14. The date of the start of the placement of the stock.

15. The date of the end of the placement of the stock.

16. The maximum quantity of stock one investor is permitted to acquire (in shares).

17. The form of the issue of the securities (noncash or cash).

18. Restrictions on the acquisition of the investment's fund's securities for individual categories of juridical persons.

19. Additional information on the emissions body may be obtained at the following address and telephone number.

4. Information on Previous Issues of Stock

20. The total amount of the issue (in thousands of rubles). (The date and registration number of the stock issue).

21. The type of securities issued (common stock).

22. The nominal price of one share of stock (in rubles).

23. The amount of stock being issued (shares).

24. The starting price of one share of stock at the start of the subscription (in rubles).

25. The value of one share of stock at the end of the subscription (in rubles).

26. The quantity of unrealized stock of the previous issue (in shares).

5. Information on the Founders

The full name and organizational-legal form of the founders (giving the full name and location for juridical persons and the last name, first name, and patronymic and passport information for natural persons).

The founder's share in the investment fund's capital stock (in percentages) [for each founder listed above].

The share of the state, local soviets, public organizations, and charitable and other public funds in the founder's capital stock (in percentages): [for each founder listed above].

6. Organs of Management

The last name, first name, and patronymic of the members of the fund's directors' council and their passport information.

The share in the investment fund's capital stock (in percentages): [for each member listed above].

The list of all posts occupied at this time and in the last 5 years including those outside the emissions body's organ of management [for each member listed above].

7. Information on the Manager of the Investment Fund

(for natural persons—the last name, first name, and patronymic, passport information, the number and date of the license issued for carrying on the activity of an investment fund [voucher fund] manager, information on other investment funds with which a contract for management has been concluded, a list of all posts held at this time and within the last 5 years, including those outside the emissions body's organ of management, and the share in the emissions body's capital stock, in percentages);

(for enterprises—the full name of the enterprise, the location, the number and date of the state registration, bank requisites, the make-up of the founders, the number and date of the license issued for carrying on the activity of an investment fund [voucher fund] manager, information on other investment funds with which a contract for management has been concluded, and the share in the emissions body's capital stock, in percentages).

The list of affiliated persons as well as persons who control or are under the control of the manager:

8. Information on the Depositary of the Investment Fund

(the full name, the location, the number and date of the state registration, bank requisites, the make-up of the founders, information on other investment funds with which a depositary contract has been concluded, a list of all posts held at this time and in the last 5 years, including those outside the emissions body's organ of management, and the share in the emissions body's capital stock, in percentages).

The list of affiliated persons as well as persons who control or are under the control of the depositary.

9. Information on the Independent Auditor of the Fund

(the full name and location of the auditor, for natural persons—the last name, first name, and patronymic and address).

10. Additional Information

Information on suits and sanctions brought against the fund and members of the directors' council at the time the prospectus of the issue is registered.

11. Information on the Expenditures of the Investment Fund

Information on the Expenditures of the Investment Fund		
The amount of remuneration paid to the manager	In rubles	As a percentage of the value of the net assets as of the last report date (the last quarter)
during the last fiscal year		
during the last quarter		
as envisioned by the contract with the manager		

* * *

The amount of remuneration paid to the depositary	In rubles	As a percentage of the value of the net assets as of the last report date (the last quarter)
during the last fiscal year		
during the last quarter		
as envisioned by the contract with the depositary		

* * *

The fund's expenditures	In thousands of rubles	As a percentage of the value of the net assets
during the last fiscal year		
during the last quarter		
as of the last report date		

12. The Report on the Financial Results of the Investment Fund

The report on the investment fund's financial results and the use of income is submitted as of the last report date.

13. Information for Stockholders

27. Each of the fund's stockholders has the right to attend stockholders' meetings personally or through an authorized representative and to introduce proposals for discussion in accordance with the fund's by-laws.

Each share of stock gives the stockholder the right to one vote at all stockholders' meetings and the right—on a par with other stockholders—to receive dividends and the corresponding part of the fund's property if the fund is liquidated.

In the event the fund is liquidated, its property which remains after creditors' claims have been satisfied will be distributed among the holders of common stock in accordance with their proportional shares of the stock in the fund's capital stock.

The holders of stock of open investment funds have the right at their demand to receive a sum of money in exchange for the stock of this investment fund.

28. The stockholders' general meeting is the investment fund's supreme organ of management; the following are under its exclusive jurisdiction:

making amendments and additions to the by-laws;

approving the investment declaration, the depositary contract, and the contract with the manager on managing the fund, including the procedure for determining the amounts of remuneration for the depositary and the manager, and making changes in and additions to them;

ratifying the annual results of the fund's activity;

ratifying the procedure for calculating the dividend;

adopting decisions on creating branches and divisions of the fund without the right of a juridical person and on terminating their activity;

appointing members of the audit commission;

electing the fund's directors' council;

adopting decisions on liquidating the fund and creating the liquidation commission and ratifying its report.

When all stockholders' meetings are held, a quorum is obtained by the presence, personally or through authorized representatives, of the owners of at least 50 percent of the fund's common stock.

A decision is made by a simple majority vote when a quorum present is present. If a quorum is not present, the date for holding the new stockholders' meeting is 14 calendar days later.

A decision at a repeat meeting is made by a simple majority vote of those stockholders or their authorized representatives present, whether or not a quorum is present.

29. The first stockholders' meeting is held no later than 14 days after the fund is registered. Once a year the fund holds a stockholders' annual general meeting regardless of other stockholders' meetings held. The period between annual general meetings must not exceed 15 months.

In addition to the annual meeting, extraordinary meetings may be convened. Extraordinary stockholders' meetings may be convened by the fund's manager to review any questions. The fund's manager is obligated to convene an extraordinary meeting upon the demand submitted in writing of a majority of the members of the directors' council, or of stockholders who all together own at least 10 percent of the fund's common stock, or of

the depositary in the event the market value of the fund's net assets based on the fiscal year's results totals less than 50 percent of their balance value. This demand must state the purpose of holding the meeting.

30. Written notification of the convening of the meeting and its agenda must be sent by registered mail to each stockholder at the address indicated in the stockholders' register no later than 30 days before the date the meeting is to be held. By decision of the meeting the notification may be made by announcement through the mass information media. The agenda may not be changed after publication.

31. The procedure for paying for stock being acquired: .

32. The procedure for determining the amount of the dividend and its payment: .

33. The periodicity of the payment of the dividend: .

34. The place where owners of stock may receive the income due them: .

35. The procedure for settling accounts with stockholders when income is paid out: .

36. Information on organizations taking part in distributing the fund's stock: .

37. The procedure for redeeming stock (for open investment funds): .

38. The procedure and particular features of taxation of stockholders' income: .

14. Additional Information For Stockholders of Investment Funds

(39. The fund does not redeem stock from stockholders.)

40. The fund is prohibited from paying stockholders dividends, with the exception of those which the fund itself has received as a result of investment activity.

41. The fund is prohibited from giving any guarantees of an increase in the value of its stock.

42. Stockholders should know that investment activity entails risk.

43. A previous increase in the price of the fund's stock, if such a thing occurred, does not mean that the increase will necessarily be repeated in the future.

44. Each stockholder, in acquiring the fund's stock, should know of the existence of other funds which may offer their stock for sale under more favorable conditions and have lower costs as compared with the given fund.

45. Before acquiring the fund's stock, stockholders should review all the options for using privatization checks and money.

15. Reference Information

The list of the fund's investments at the start and at the end of the report period showing their value determined in accordance with the provision on the procedure for appraising net assets of investment funds: .

The increase (or decrease) in the value of the fund's assets depending on the rise (or drop) in the market price of the securities which make up the fund's portfolio (showing realized and unrealized profits and losses): .

The fund's gross income, which includes investment income and profits (or losses) from the sale of securities from the fund's portfolio: .

The amount of the fund's stock issued, sold, and exchanged during the report period and as of the report date: .

The fund's expenditures during the report period: .

The value of the fund's net assets per paid share of the fund's stock: .

The relationship of the fund's expenditures to the value of its net assets: .

The relationship of the fund's gross income during the report period to the value of its net assets at the end of the report period: .

The current price of the fund's stock as of the date the report was compiled (the current market price for closed funds and the price at which the fund's stock is redeemed from stockholders for open funds): .

The report on the financial results, the use of income, and dividends paid during the report period, and other forms of reporting: .

Information on the amount of unused privatization checks as of the date the report was compiled (for voucher investment funds): .

The prospectus of the issue is signed by at least two-thirds of the members of the directors' council.

The signatures of the members of the directors' council:

(last name, first name, and patronymic and post) .

(last name, first name, and patronymic and post) .

(last name, first name, and patronymic and post) .

The prospectus of the issue was received by the committee for managing property on————199—; Registration Number .

Offical Text of Russian Federation Patent Law

937A0014A Moscow ROSSIYSKAYA GAZETA in Russian 14 Oct 92 pp 4-5

[Patent Law of the Russian Federation of 23 September 1992, Decree of the Supreme Soviet of the Russian

Federation "On Putting the Patent Law of the Russian Federation Into Effect" of 23 September 1992, and Decree of the Supreme Soviet of the Russian Federation "On the Reconsideration of the Patent Law of the Russian Federation" of 23 September 1992]

[Text] **THE LAW OF THE RUSSIAN FEDERATION**

Section I. General Provisions

Article 1. The Relations Regulated by This Law

This Law and the legislative acts of the republics within the Russian Federation, which are passed on its basis, regulate the property relations, as well as the personal nonproperty relations connected with them, which arise in connection with the development, legal protection, and use of inventions, useful models, and industrial designs (hereinafter in accordance with the text in the same way objects of industrial property).

Article 2. The State Patent Office of the Russian Federation

The State Patent Office of the Russian Federation (hereinafter the Patent Office) in conformity with this Law implements a unified policy in the area of the protection of objects of industrial property in the Russian Federation, accepts for consideration applications for inventions, useful models, and industrial designs, carries out with respect to them an examination and state registration, issues patents, publishes official information, publishes patent regulations and explanations on the application of this Law, and performs other functions in conformity with the statute on it, which is approved by the President of the Russian Federation.

Patent fees, the assets of the republic budget of the Russian Federation, as well as the fee for services and materials, which are made available by the Patent Office, are the sources of the financing of the activity of the Patent Office.

Article 3. The Legal Protection of an Invention, a Useful Model, an Industrial Design

1. The law protects and the patent for an invention, the certificate for a useful model, or the patent for an industrial design (hereinafter the patent) confirms the rights to an invention, a useful model, an industrial design.

2. The patent certifies the priority, the authorship of an invention, useful model, or industrial design, and the exclusive right to their use.

3. The patent for an invention is valid for 20 years, counting from the date of receipt of the application by the Patent Office.

The certificate for a useful model is valid for five years, counting from the date of receipt of the application by the Patent Office. The validity of the certificate for a useful model is extended by the Patent Office on the petition of the patentee, but not for more than three years.

The patent for an industrial design is valid for 10 years, counting from the date of receipt of the application by the Patent Office. The validity of the patent for an industrial design is extended by the Patent Office on the petition of the patentee, but not for more than five years.

4. The extent of the legal protection, which is granted by the patent for an invention and the certificate for a useful model, is determined by their claims, while the extent of the legal protection, which is granted by the patent for an industrial design, is determined by the set of its essential features, which are reflected in photographs of the item (mockup, drawing).

5. Legal protection in conformity with this Law is not granted to inventions, useful models, industrial designs, which are recognized by the state as secret. The procedure of handling secret inventions, useful models, industrial designs is regulated by special legislation of the Russian Federation.

Section II. The Conditions of Patentability

Article 4. The Conditions of the Patentability of an Invention

1. Legal protection is granted to an invention, if it is new, has an invention level, and is industrially applicable.

An invention is new, if it is not known from the level of technology.

An invention has an invention level, if for a specialist it does not obviously follow from the level of technology.

The level of technology includes any information which became accessible in the world before the date of priority of the invention.

When establishing the novelty of an invention all the applications for inventions and useful models (except withdrawn applications), which have been submitted in the Russian Federation by other persons, as well as the inventions and useful models, which have been patented in the Russian Federation, on the condition of their earlier priority are included in the level of technology.

An invention is industrially applicable, if it can be used in industry, agriculture, health care, and other fields of activity.

Such disclosure of information pertaining to an invention by the author, the applicant, or another person who received this information from them directly or indirectly, in case of which data about the essence of the invention became accessible, is not recognized as a circumstance which prevents the recognition of the patentability of the invention, if the application for the invention is submitted to the Patent Office no later than

six months from the date of the disclosure of the information. In this case it is the duty of the applicant to prove this fact.

2. The objects of an invention can be: a device, a method, a substance, a strain of a microorganism, plant and animal cell cultures, as well as the application of a previously known device, method, substance, strain for a new purpose.

3. There are not recognized as patentable inventions:

—scientific theories and mathematical methods;

—methods of the organization and management of the economy;

—symbols, time tables, regulations;

—methods of the performance of mental operations;

—algorithms and programs for computers;

—designs and diagrams of the layout of structures, buildings, grounds;

—solutions, which concern only the appearance of items and are aimed at the satisfaction of esthetic needs;

—the topologies of integrated microcircuits;

—strains of plants and breeds of animals;

—solutions, which run counter to public interests, the principles of humaneness, and morality.

Article 5. The Conditions of the Patentability of a Useful Model

1. The design implementation of means of production and consumer items, as well as their components is assigned to the category of useful models.

Legal protection is granted to a useful model, if it is new and is industrially applicable.

A useful model is new, if the set of its essential features is not known from the level of technology.

The level of technology includes information about means for the same purpose as the claimed useful model, which became accessible before the date of priority of the invention and was published in the world, as well as information about their application in the Russian Federation. All the applications for inventions and useful models (except withdrawn applications), which have been submitted in the Russian Federation by other persons, as well as the inventions and useful models, which have been patented in the Russian Federation, on the condition of their earlier priority are included in the level of technology.

A useful model is industrially applicable, if it can be used in industry, agriculture, health care, and other fields of activity.

Such disclosure of information pertaining to a useful model by the author, the applicant, or another person who received this information from them directly or indirectly, in case of which data about the essence of the useful model became accessible, is not recognized as a circumstance which prevents the recognition of the patentability of the useful model, if the application for the useful model is submitted to the Patent Office no later than six months from the date of the disclosure of the information. In this case it is the duty of the applicant to prove this fact.

2. There are not protected as useful models:

—methods, substances, strains of microorganisms, plant and animal cell cultures, as well as their application for a new purpose;

—the objects indicated in point 3 of Article 4 of this Law.

Article 6. The Conditions of the Patentability of an Industrial Design

1. The industrial design solution of an item, which determines its appearance, is assigned to the category of industrial designs.

Legal protection is granted to an industrial design, if it is new, original, and industrially applicable.

An industrial design is recognized as new, if the set of its essential features, which determine the esthetic and (or) ergonomic peculiarities of the item, is not known from information which became accessible in the world before the date of priority of the industrial design.

When establishing the novelty of an industrial design all the applications for industrial designs (except withdrawn applications), which have been submitted in the Russian Federation by other persons, as well as the industrial designs, which have been patented in the Russian Federation, on the condition of their earlier priority are taken into account.

An industrial design is recognized as original, if its essential features are responsible for the creative nature of the esthetic peculiarities of the item.

An industrial design is recognized as industrially applicable, if it can be repeatedly reproduced by means of the production of the corresponding item.

Such disclosure of information pertaining to an industrial design by the author, the applicant, or another person who received this information from them directly or indirectly, in case of which data about the essence of the industrial design became accessible, is not recognized as a circumstance which prevents the recognition of the patentability of the industrial design, if the application for the industrial design is submitted to the Patent Office no later than six months from the date of the disclosure of the information. In this case it is the duty of the applicant to prove this fact.

2. There are not recognized as patentable industrial design solutions:

—which are due exclusively to the technical function of the item;

—of objects of architecture (except small architectural forms), industrial, hydraulic engineering, and other permanent structures;

—of publications as such;

—of objects of unstable form made of liquid, gaseous, and bulk substances and substances similar to them;

—of items which run counter to public interests, the principles of humaneness, and morality.

Section III. Authors and Patentees

Article 7. The Author of an Invention, Useful Model, Industrial Design

1. The natural person, by whose creative labor they were developed, is recognized as the author of an invention, useful model, industrial design.

2. If several natural persons participated in the development of an object of industrial property, all of them are considered its authors. The procedure of exercising the rights, which belong to the authors, is specified by an agreement between them.

Natural persons, who did not make a personal creative contribution to the development of an object of industrial property, gave the author(s) only technical, organizational, or material assistance, or only aided the official registration of the rights to it and its use, are not recognized as authors.

3. The right of authorship is an inalienable right and is protected permanently.

Article 8. The Patentee

1. The patent is issued to:

—the author(s) of an invention, useful model, industrial design;

—natural and (or) legal persons (on the condition of their consent), who are indicated by the author(s) or his (their) legal successor in the application for the issuing of a patent or in the statement submitted to the Patent Office before the moment of registration of the invention, useful model, industrial design;

—the employer in the instances provided for by point 2 of this article.

2. The right to the obtaining of a patent for an invention, useful model, industrial design, which were developed by a worker in connection with the performance by him of his official duties or a specific assignment received from the employer, belongs to the employer, if not otherwise stipulated by a contract between them.

In this case the author has the right to an award that is proportionate to the profit, which was derived by the employer or could have been derived by him in case of the proper use of the object of industrial property, in the cases of the obtaining by the employer of a patent, the transfer by the employer of the right to the obtaining of a patent to another person, the making by the employer of the decision on keeping the corresponding object secret, or the failure to obtain a patent according to the application submitted by the employer for reasons which depend on the employer. The award is paid in the amount and on the terms, which are determined on the basis of an agreement between them.

If the employer within four months from the date of his notification by the author about the developed invention, useful model, or industrial design does not submit an application to the Patent Office, does not cede the right to the submission of an application to another person, or does not report to the author the keeping secret of the corresponding object, the author has the right to submit an application and to obtain a patent in his own name. In this case the employer has the right to use the corresponding object of industrial property in internal production with the payment to the patentee of compensation which is determined on a contractual basis.

In case of the failure to reach an agreement between the parties on the amount and the procedure of the payment of the award or compensation the dispute is considered in legal form. For the untimely payment of the award or compensation, which are specified by the contract, the employer, who is guilty of this, bears liability in conformity with the civil legislation of the Russian Federation.

Other relations, which arise in connection with the development by a worker of an invention, useful model, industrial design, are regulated by legislation of the Russian Federation on job-related inventions, useful models, and industrial designs.

Article 9. The Federal Fund of Inventions of Russia

The Federal Fund of Inventions of Russia carries out the selection of inventions, useful models, industrial designs, acquires for them the rights of the patentee on a contractual basis, and assists their implementation in the interests of the state.

The receipts from the sale of licenses for objects of industrial property, the patents to which belong to the Fund, the voluntary contributions of enterprises and citizens, as well as the assets of the republic budget of the Russian Federation and other payments are the sources of financing of the Federal Fund of Inventions of Russia.

The Federal Fund of Inventions of Russia conducts its activity in conformity with a charter which is approved by the Government of the Russian Federation.

Section IV. The Exclusive Right to the U e of an Invention, Useful Model, Industrial Designs

Article 10. The Rights and Duties of the Patentee

1. The exclusive right to the use at his discretion of an invention, useful model, or an industrial design, which is covered by a patent, belongs to the patentee, if such use does not infringe upon the rights of other patentees, including the right to assign the use of the indicated objects to other persons, except instances when such use in conformity with this Law is not an infringement of the right of the patentee.

The interrelations with respect to the use of an object of industrial property, the patent to which belongs to several persons, are determined by an agreement between them. In the absence of such an agreement each of them can use the covered object at his own discretion, but does not have the right to grant a license for it or to cede the patent to another person without the consent of the other owners.

2. A product (article) is recognized as having been produced with the use of a patented invention, useful model, while a method, which is covered by a patent for an invention, is recognized as having been used, if every feature of the invention, useful model, which is included in an independent point of the claim, or a feature equivalent to it has been used in it.

An article is recognized as having been produced with the use of a patented industrial design, if it contains all its essential features.

3. The unauthorized production, use, importation, offer for sale, sale, other introduction into economic circulation, or storage for this purpose of a product, which contains a patented invention, useful model, industrial design, as well as the use of a method, which is covered by a patent for an invention, or the introduction into economic circulation or the storage for this purpose of a product, which was made directly by a method that is covered by a patent for an invention, are recognized as an infringement of the exclusive right of the patentee. In this case a new product is considered to have been obtained by a patented method in the absence of evidence to the contrary.

4. In case of the failure to use or the inadequate use by the patentee of an invention or industrial design within four years and of a useful model within three years from the date of the issuing of the patent any person, who wishes and is prepared to use a covered object of industrial property, in case of the refusal of the patentee to conclude a license agreement can petition the Supreme Patent Chamber of the Russian Federation (hereinafter the Supreme Patent Chamber) for the granting of a compulsory nonexclusive license. If the patentee does not demonstrate that the failure to use or the inadequate use of the object of industrial property is due to valid reasons, the Supreme Patent Chamber grants the indicated license with the specification of the limits of use, the amount, deadlines, and procedure of payments. The amounts of the license payments should be established at not less than the market price of a license.

5. If the patentee cannot use an invention, useful model, industrial design, without infringing in so doing upon the rights of another patentee, he has the right to demand of the latter the conclusion of a license agreement.

6. The patentee can cede an obtained patent to any natural or legal person. The agreement on the cession of a patent is to be registered in the Patent Office. An agreement without registration is considered invalid.

7. The patent for an invention, useful model, industrial design and the right to its use are transferred through inheritance.

Article 11. Actions Which Are Not Recognized as an Infringement of the Exclusive Right of the Patentee

There is not recognized as an infringement of the exclusive right of the patentee:

—the use of means, which contain inventions, useful models, industrial designs that are covered by patents, in the design or during the operation of means of transportation (sea, river, air, ground, and space) of other countries on the condition that the indicated means are temporarily or by chance on the territory of the Russian Federation and are used for the needs of a means of transportation. Such action is not recognized as an infringement of the exclusive right of the patentee, if the means of transportation belong to natural or legal persons of countries, which grant the same rights to the owners of means of transportation of the Russian Federation;

—the conducting of a scientific study or experiment on a means, which contains an invention, useful model, and industrial design, which are protected by patents;

—the use of means, which contain inventions, useful models, industrial designs, which are protected by patents, under extraordinary circumstances (natural disasters, catastrophes, major accidents) with the subsequent payment of commensurate compensation to the patentee;

—the use of means, which contain inventions, useful models, industrial designs, which are protected by patents, for personal purposes without the derivation of income;

—the one-time production of drugs as drugstores in accordance with the prescriptions of a physician;

—the use of means, which contain inventions, useful models, industrial designs, which are protected by patents, if these means have been legally introduced into economic circulation.

Article 12. The Right of Previous Use

Any natural or legal person, who before the date of priority of an invention, useful model, industrial design conscientiously used on the territory of the Russian Federation an identical solution, which was developed independent of its author, or made the necessary preparations for this, retains the right to its subsequent free use without the expansion of the scale.

The right of previous use can be transferred to another natural or legal person only together with the works, at which the use of the identical solution occurred or the preparations necessary for this were made.

Article 13. The Granting of the Right to the Use of an Invention, Useful Model, Industrial Design

1. Any person, who is not the patentee, has the right to use an invention, useful model, industrial design, which are protected by a patent, only with the permission of the patentee (on the basis of a license agreement). In accordance with the license agreement the patentee (the licenser) is obliged to grant the right to the use of a covered object of industrial property to the extent, which is provided for by the agreement, to another person (the licensee), while the latter assumes the obligation to make to the licenser the payments stipulated by the agreement and to carry out other actions which are provided for by the agreement.

In case of an exclusive license the exclusive right to the use of an object of industrial property within the limits stipulated by the agreement is transferred to the licensee, with the reservation for the licenser of the right to its use in the area which is not transferred to the licensee; in case of a nonexclusive license the licenser, in granting to the licensee the right to the use of an object of industrial property, reserves all the rights that are confirmed by the patent, including the right to the granting of licenses to third persons.

2. The license agreement is to be registered in the Patent Office and without registration is considered invalid.

3. The patentee can submit to the Patent Office a statement on the granting to any person of the right to the use of an object of industrial property (an open license). The fee for keeping the patent in force is reduced in this case by 50 percent beginning with the year which follows the year of the publication of information about such a statement by the Patent Office.

A person, who has declared the desire to use the indicated object of industrial property, is obliged to conclude with the patentee an agreement on payments. Disputes on the terms of the agreement are considered by the Supreme Patent Chamber. The statement of the patentee on the granting of the right to an open license is not subject to withdrawal.

4. In the interests of national security the Government of the Russian Federation has the right to permit the use of an object of industrial property without the consent of the patentee with the payment to him of commensurate compensation.

Disputes on the amount of compensation are resolved by the Supreme Patent Chamber.

Article 14. The Infringement of a Patent

1. Any natural or legal person, who uses an invention, useful model, or industrial design, which are protected by a patent, with the infringement of this Law, is considered an infringer of the patent.

2. On the demand of the patentee the infringement of the patent should be halted, while the natural or legal person, who is guilty of the infringement of the patent, is obliged to indemnify the patentee for the caused losses in conformity with the civil legislation of the Russian Federation.

3. Claims against the infringer of a patent can also be lodged by the holder of an exclusive license, if not other stipulated by the license agreement.

Section V. The Obtaining of a Patent

Article 15. The Submission of an Application for the Issuing of a Patent

1. The application for the issuing of a patent is submitted by the author, the employer, or their successor (hereinafter the applicant) to the Patent Office.

2. The claim for the issuing of a patent is submitted in Russian. The other documents of the application are submitted in Russian or another language. If the documents of the application have been submitted in another language, their Russian translation is attached to the application. The Russian translation can be submitted by the applicant within two months from the receipt by the Patent Office of the application which contains documents in another language.

3. The application can be submitted through a patent agent who is registered at the Patent Office. Natural persons, who reside within the Russian Federation, or foreign citizens or their patent agents conduct business on the obtaining of patents and their keeping in force through patent agents who are registered at the Patent Office. The powers of the patent agent are certified by a power of attorney, which is issued to him by the applicant.

The demands on a patent agent and the procedure of his certification and registration are specified by the Statute on Patent Lawyers, which is approved by a decree of the Government of the Russian Federation.

Article 16. The Application for the Issuing of a Patent for an Invention

1. The application for the issuing of a patent for an invention (hereinafter the application for an invention)

should pertain to one invention or to a group of inventions, which are so interconnected that they form a unified invention idea (the requirement of the unity of the invention).

2. The application for an invention should contain:

—a claim for the issuing of a patent with the indication of the author(s) of the invention and the person(s), in whose name the patent is requested, as well as their places of residence or locations;

—a description of the invention, which discloses it with a completeness that is sufficient for implementation;

—the claim of the invention, which reflects its essence and is based entirely on the description;

—drawings or other materials, if they are necessary for understanding the essence of the invention;

—an abstract.

A document, which confirms the payment of the fee in the established amount or the reasons for exemption from the payment of the fee, as well as for the reduction of its amount, is attached to the application for an invention.

3. The demands on the documents of the application for an invention are established by the Patent Office.

Article 17. The Application for the Issuing of a Certificate for a Useful Model

1. The application for the issuing of a certificate for a useful model (hereinafter the application for a useful model) should pertain to one useful model or a group of useful models, which are so interconnected that they form a unified creative idea (the requirement of the unity of the useful model).

2. The application for a useful model should contain:

—a claim for the issuing of a certificate with the indication of the author(s) of the useful model and the person(s), in whose name the certificate is requested, as well as their places of residence or locations;

—a description of the useful model, which discloses it with a completeness that is sufficient for implementation;

—the claim of the useful model, which reflects its essence and is based entirely on the description;

—drawings;

—an abstract.

A document, which confirms the payment of the fee in the established amount or the reasons for exemption from the payment of the fee, as well as for the reduction of its amount, is attached to the application for a useful model.

3. The demands on the documents of the application for a useful model are established by the Patent Office.

Article 18. The Application for the Issuing of a Patent for an Industrial Design

1. The application for the issuing of a patent for an industrial design (hereinafter the application for an industrial design) should pertain to one industrial design or to a group of industrial designs, which are so interconnected that they form a unified invention idea (the requirement of the unity of the industrial design).

2. The application for an industrial design should contain:

—a claim for the issuing of a patent with the indication of the author(s) of the industrial design and the person(s), in whose name the patent is requested, as well as their places of residence or locations;

—a set of photographs, which depict the article, mockup, or sketch, which give a complete detailed idea of the appearance of the article;

—a drawing of the general appearance of the article, an ergonomic diagram, a ready-made chart, if they are necessary for the disclosure of the essence of the industrial design;

—a description of the industrial design, which includes a list of its essential features.

A document, which confirms the payment of the fee in the established amount or the reasons for exemption from the payment of the fee, as well as for the reduction of its amount, is attached to the application for an industrial design.

3. The demands on the documents of the application for an industrial design are established by the Patent Office.

Article 19. The Priority of an Invention, a Useful Model, an Industrial Design

1. The priority of an invention is established according to the date of receipt at the Patent Office of the application, which contains a claim for the issuing of a patent, a description, the claim, and drawings, if in the description there is a reference to them.

The priority of a useful model is established according to the date of receipt at the Patent Office of the application, which contains a claim for the issuing of a certificate, a description, the claim, and drawings.

The priority of an industrial design is established according to the date of receipt of the application, which contains a claim for the issuing of a patent, a set of photographs, and a description.

2. Priority can be established according to the date of the submission of the first application in a state which is a party to the Paris Convention on the Protection of

Intellectual Property (convention priority), if the application for an invention, useful model was receiver by the Patent Office within 12 months, while the application for an industrial design was received by the Patent Office within six months from the indicated date. If due to circumstances, which do not depend on the applicant, the application with the solicitation of convention priority could not be submitted within the indicated period, this period can be extended, but not by more than two months.

The applicant, who wishes to exercise the right of convention priority, is obliged to indicate this when submitting the application or within two months from the data of receipt of the application by the Patent Office and to attach a copy of the first application or to submit it not later than three months from the receipt of the application by the Patent Office.

3. Priority can be established according to the date of receipt of additional materials, if they have been drawn up by the applicant as an independent application, which has been submitted prior to the expiration of the three-month period from the date of receipt by the applicant of the notice of the Patent Office about the impossibility of taking the additional materials into account in connection with their recognition as altering the essence of the claimed solution.

4. Priority can be established according to the date of receipt by the Patent Office of an earlier application of the same applicant, which discloses this invention, useful model, industrial design, if the application, in accordance with which such priority is requested, was received no later than 12 months from the date of receipt of the earlier application for an invention and no later the six months from the date of receipt of the earlier application for a useful model, industrial design. In this case the earlier application is considered to have been withdrawn.

Priority can be established on the basis of several applications, which were submitted earlier, with the observance for each of them of the indicated conditions.

Priority cannot be established according to the date of receipt of an application, in accordance with which earlier priority has already been requested.

5. The priority of an invention, useful model, industrial design with respect to a separate application is established according to the date of receipt by the the Patent Office of the initial application which discloses it, if the separate application was received before the making with respect to the initial application of a decision on the refusal to issue a patent, the possibilities of the appeal of which have been exhausted, and, in case of the issuing with respect to the indicated application of a patent, before the date of registration in the state register.

6. If in the examination process it is established that identical objects of industrial property have the same date of priority, the patent can be issued with respect to the application, with regard to which an earlier date of its sending to the Patent Office has been proven, while in case of the coincidence of these dates with respect to the application which has an earlier registration number of the Patent Office, if not otherwise stipulated by an agreement between the applicants.

Article 20. The Correction of the Documents of the Application on the Initiative of the Applicant

Within two months from the date of receipt of the application the applicant has the right to make in its materials corrections and revisions without changing the essence of the claimed invention, useful model, or industrial design.

On the condition of the payment of the fee the corrections and revisions can also be submitted with respect to an application for an invention after the expiration of the indicated time, but no later than the giving of a decision in accordance with the results of the examination in essence. Such corrections and revisions are taken into account when publishing the data on the application for an invention, if they were received by the Patent Office within 12 months from the date of receipt of the application.

Article 21. The Examination of the Application for an Invention

1. After a lapse of two months from the date of receipt of an application the Patent Office makes with respect to it a formal examination. On the written petition of the applicant the formal examination may be started before the expiration of the indicated period. In this case the applicant from the moment of the submission of the petition loses the rights to the correction and revision of the documents of the application on his own initiative without the payment of a fee, which are envisaged by the first part of Article 20 of this Law.

During the making of the formal examination of the application the presence of the necessary documents and the observance of the established demands on them are verified and the question of whether the claimed proposal relates to objects, to which legal protection is granted, is considered.

2. If in conformity with Article 20 of this Law the applicant submitted additional materials regarding the application, in the process of the examination it is checked whether they change the essence of the claimed invention.

The additional materials change the essence of a claimed invention, if they contain features, which are to be included in the claim of the invention and were absent in the initial materials of the application. The additional materials in the area, which changes the essence of the claimed invention, are not taking into account when considering the application and can be drawn up by the applicant as an independent application.

3. The applicant is notified about a positive result of the formal examination and the establishment of priority in conformity with point 1 of Article 19 of this Law. If as a result of the formal examination it is established that the application has been drawn up for a proposal that does not pertain to patentable objects, the decision on the refusal to issue a patent is made. An objection to the decision can be submitted to the Chamber of Appeals of the Patent Office within two months from the date of its receipt by the applicant. The objection should be considered by the Chamber of Appeals of the Patent Office within two months from the date of its receipt.

4. With respect to an application, which was drawn up with a violation of the demands on its documents, an inquiry is sent to the applicant with the suggestion to submit within two months from the date of its receipt the corrected or missing documents.

If the applicant within the indicated period does not submit the requested materials or a petition for the extension of the established period, the application is declared withdrawn.

5. With respect to an application, which was submitted with a violation of the requirement of unity, it is suggested to the applicant that within two months from the date of receipt by him of the corresponding notification he report which of the inventions should be considered and, if necessary, make revisions in the documents of the application. The other inventions, which were included in the materials of the initial application, can be drawn up as separate applications.

If the applicant within two months after the receipt of the notification of a violation of the requirement of unity does not report which of the proposals it is necessary to consider and does not submit revised documents, the consideration of the object, which is indicated in the claim first, is carried out.

6. The Patent Office after the lapse of 18 months from the date of receipt of an application, which underwent formal examination with a positive result, publishes data on the application, except for instances when it has been withdrawn. The Patent Office determines the composition of the published data. Any person after the publication of the data on an application has the right to familiarize himself with its materials.

On the petition of the applicant the Patent Office can publish data on an application earlier than the indicated date.

The author of an invention has the right to refuse to be mentioned as such in the published data on an application.

7. On the petition of the applicant or third persons, which can be submitted at any time within three years from the date of receipt of the application, the Patent Office conducts an examination of the application in essence, which includes the establishment of the priority of the invention, if it was not established when conducting the formal examination, and the verification of the patentability of the invention. If a petition for the conducting of an examination is not submitted in the indicated time, the application is considered withdrawn. The applicant is notified by the Patent Office about received petitions of third persons.

8. During the period of the conducting of the examination of an application in essence the Patent Office has the right to request from the applicant additional materials, without which the conducting of the examination is impossible, including the changed claim of the invention. The additional materials at the request of the expert commission should be submitted without a change of the essence of the invention within two months from the date of receipt by the applicant of the request or copies of the materials, which are opposed to the application, provided that the indicated copies have been requested by the applicant within a month from the date of receipt by him of the request of the expert commission. If the applicant in the indicated time does not submit the requested materials or a request for the extension of the indicated period, the application is declared withdrawn.

The procedure established by point 2 of this article applies to the additional materials in the area which changes the essence of the invention.

If as a result of the examination of the application in essence the Patent Office establishes that the claimed invention, which is expressed by the claim proposed by the applicant, meets the conditions of patentability, the decision on the issuing of a patent with this claim is given.

In case of the establishment of the failure of the claimed invention, which is expressed by the claim proposed by the applicant, to meet the conditions of patentability the decision on the refuse to issue a patent is given.

The applicant can submit to the Chamber of Appeals of the Patent Office an objection to the decision on the refusal to issue a patent within three months from the date of receipt of the decision or the copies demanded from the Patent Office of the materials opposed to the application on the condition of their request by the applicant within two months from the date of receipt by him of the decision. The objection should be considered by the Chamber of Appeals of the Patent Office within four months from the date of its receipt.

9. In case of the disagreement of the applicant with the decision of the Chamber of Appeals he can within six months from the date of its receipt appeal to the Supreme Patent Chamber. The decision of the Supreme Patent Chamber is final.

10. The applicant and third persons can petition for the conducting with respect to an application, which underwent a formal examination with a positive result, of an information search for the determination of the level of technology, in comparison with which the evaluation of

the novelty and invention level of the claimed proposal will be made. The procedure of the conducting of such a search and the making available of information about it is specified by the Patent Office.

11. The applicant has the right to familiarize himself with all the materials, which are indicated in the request of the expert commission, in the decision of the expert commission, or in the report on the search. The Patent Office sends copies of the patent materials requested by the applicant within a month from the date of receipt of the request of the applicant.

12. The deadlines, which are envisaged by this article, except the deadlines established by points 7 and 9, and have been missed by the applicant, can be restored by the Patent Office on the condition of the confirmation of valid reasons and the payment of a fee.

The petition on the restoration of a deadline can be submitted by the applicant no later than 12 months from the day of expiration of the missed deadline.

Article 22. Temporary Legal Protection

1. Temporary legal protection to the extent of the published claim is granted to a claimed invention from the date of publication of data on the application to the date of publication of data on the issuing of a patent.

2. Temporary legal protection is considered not to have ensued, if a decision on the refusal to issue a patent, the possibilities of the appeal of which have been exhausted, has been made.

3. A natural or legal person, who uses a claimed invention during the period indicated in point 1 of this article, pays the patentee after receipt of a patent monetary competition. The amount of compensation is specified by an agreement of the parties.

4. The provisions of point 3 of this article apply to inventions, useful models, and industrial designs from the date of the notification by the applicant of the person using them about the submitted application for the issuing of a patent, if with respect to the inventions this date came before the date of publication of data on the application and with respect to useful models and industrial designs before the date of publication of data on the issuing of a patent.

Article 23. The Examination of the Application for a Useful Model

1. In case of the examination of the application for a useful model the verification of the meeting of the conditions of patentability, which are established by point 1 of Article 5 of this Law, is not carried out. The certificate is issued with the responsibility of the applicant without a guarantee of validity.

2. When conducting a formal examination of an application for a useful model the provisions, which are contained in points 1-5 of Article 21 of this Law, are accordingly used. If as a result of the examination it is established that the application was submitted for a proposal, which relates to patentable objects, and its documents were drawn up properly, the decision on the issuing of a certificate is made.

3. The applicant and third persons have the right to petition for the conducting of an information search with respect to the application for a useful model for the determination of the level of technology, in comparison with which an evaluation of the patentability of the useful model can be made. The procedure of the conducting of the information search and the making available of information about it is specified by the Patent Office.

4. After the publication of the data on the issuing of a certificate for a useful model any person has the right to familiarize himself with the materials of the application.

Article 24. The Examination of the Application for an Industrial Design

1. With respect to the application for an industrial design the Patent Office conducts a formal examination and an examination in essence.

2. When conducting a formal examination of an application for an industrial design the provisions, which are contained in points 1-5 of Article 21 of this Law, are accordingly used.

In case of a positive result of the formal examination an examination in essence is conducted.

When conducting an examination of an application in essence the provisions, which are contained in points 8, 9, 11, and 12 of Article 21 of this Law, are accordingly used.

3. After the publication of the data on the issuing of a patent for an industrial design any person has the right to familiarize himself with the materials of the application.

Article 25. The Publication of Data on the Issuing of a Patent

The Patent Office after the making of the decision on the issuing of a patent, on the condition of the payment by the applicant of the fee for the issuing of a patent, publishes in its official bulletin data on the issuing of the patent, which include the name of the author(s), if the latter did not refuse to be mentioned as such, and of the patentee, the name and claim of the invention or useful model or a list of the essential features of the industrial design and its picture. The Patent Office determines the complete composition of the published data.

Article 26. The Registration of an Invention, Useful Model, Industrial Design and the Issuing of a Patent

1. The Patent Office at the same time as the publication of data on the issuing of a patent enters in the State Register of Inventions of the Russian Federation, the

State Register of Useful Models of the Russian Federation, or the State Register of Industrial Designs of the Russian Federation respectively the invention, the useful model, or the industrial design and issues a patent to the person, in whose name it was requested.

If there are several persons, in whose name the patent was requested, one patent is issued to them.

2. The Patent Office determines the form of the patent and the composition of the data indicated in it.

3. At the request of the patentee the correction of obvious and technical errors is made by the Patent Office in the issued patent.

Article 27. The Withdrawal of an Application

The applicant has the right before the publication of data on an application for an invention, but no later than the date of its registration, or before the date of the registration of an industrial design or a useful model to withdraw the application.

Article 28. The Conversion of Applications

Before the publication of data on an application for an invention the applicant has the right to covert it to an application for a useful model by the submission of the appropriate claim. The conversion of an application for a useful model into an application for an invention is possible before the making with respect to it of the decision on the issuing of a certificate.

In case of the indicated conversions the priority of the first application is retained.

Section VI. The Termination of a Patent

Article 29. The Contesting of a Patent

1. A patent during the entire period of its validity can be contested and can be declared invalid in full or in part in cases of:

a) the failure of the protected object of industrial property to meet the conditions of patentability, which have been established by this Law;

b) the presence in the claim of an invention of a useful model or in the set of essential features of an industrial design of features, which were absent in the initial materials of the application;

c) the incorrect indication in the patent of the author(s) or patentee(s).

2. An objection to the issuing of a patent for the reasons, which are envisaged by subpoints "a" and "b" of point 1 of this article, should be considered by the Chamber of Appeals within six months from the date of its receipt; the patentee should be familiarized with the objection. In this case the Chamber of Appeals considers the objection within the limits of the reasons contained in it.

3. In case of disagreement with the decision of the Chamber of Appeals on the objection to the issuing of a patent any of the parties within six months from the moment of the making of the decision can submit an appeal to the Supreme Patent Chamber, the decision of which is final.

Article 30. The Early Termination of a Patent

1. A patent is terminated early:

—in case of the declaration of the patent to be invalid in full in conformity with Article 29 of this Law;

—on the basis of a claim submitted by the patentee to the Patent Office;

—in case of the failure to pay at the established time the fees for keeping the patent in force.

2. The Patent Office publishes in the official bulletin data on the early termination of a patent.

Section VII. The Protection of the Rights of Patentees and Authors

Article 31. The Consideration of Disputes in Legal Form

Disputes, which are connected with the application of this Law, are considered in accordance with the procedure established by legislation of the Russian Federation.

The courts, including arbitral tribunals and courts of arbitration, in conformity with their jurisdiction consider the following disputes:

—about the authorship of an invention, useful model, industrial design;

—about the establishment of the patentee;

—about the infringement of the exclusive right to the use of a protected object of industrial property and other property rights of the patentee;

—about the conclusion and execution of license agreements for the use of a protected object of industrial property;

—about the right of previous use;

—about the payment of the award to the author by the employer in conformity with point 2 of Article 8 of this Law;

—about the payment of the compensations envisaged by this Law, except the case envisaged by point 4 of Article 13 of this Law;

—other disputes which are connected with the protection of the rights which are certified by the patent, except disputes which belong to the jurisdiction of the Supreme Patent Chamber.

Article 32. The Liability for the Infringement of the Rights of Authors

The appropriation of authorship, the compelling of coauthorship, the illegal divulgence of data about an object of industrial property entail criminal liability in conformity with legislation of the Russian Federation.

Section VIII. Final Provisions

Article 33. Patent Fees

Patent fees are collected for the performance of legally significant actions which are connected with a patent. The patent fees are paid to the Patent Office. The list of actions, for the performance of which patent fees are collected, their amounts and times of payment, as well as the reasons for exemption from the payment of the fees, the reduction of their amounts, or the return of the fees are established by the Government of the Russian Federation.

Article 34. The State Stimulation of the Development and Use of Objects of Industrial Property

The state stimulates the development and use of objects of industrial property, establishes for authors and managing subjects, which use the indicated objects, preferential terms of taxation and lending, grants them other preferences in conformity with the legislation of the Russian Federation.

Article 35. The Patenting of an Object of Industrial Property in Foreign Countries

The patenting in foreign countries of inventions, useful models, industrial designs, which were developed in the Russian Federation, is carried out no earlier than three months after the submission of an application to the Patent Office.

The Patent Office can in necessary cases permit the patenting of an invention, useful model, industrial design in foreign countries before the indicated date.

Article 36. The Rights of Foreign Natural and Legal Persons

Foreign natural and legal persons exercise the rights, which are envisaged by this Law, on the same basis as natural and legal persons of the Russian Federation by virtue of international agreements of the Russian Federation or on the basis of the principle of reciprocity.

Article 37. International Agreements

If different regulations than those contained in this Law are established by an international agreement of the Russian Federation, the regulations of the international agreement are applied.

[Signed] *President of the Russian Federation B. Yeltsin*
Moscow, The House of Soviets of Russia
23 September 1992
No. 3517-1

Decree of the Supreme Soviet of the Russian Federation "On Putting the Patent Law of the Russian Federation Into Effect"

The Supreme Soviet of the Russian Federation decrees:

1. To put the Patent Law of the Russian Federation into effect as of the date of its publication.

2. The Patent Law of the Russian Federation applies to legal relations which develop after the indicated Law has been put into effect.

3. To recognize the validity on the territory of the Russian Federation of previously issued protective documents of the USSR for inventions and industrial designs.

Any person, who prior to 1 July 1991 made the necessary preparations for the use of an invention covered by a USSR patent, the term of validity of which was extended in conformity with the decree of the USSR Supreme Soviet of 31 May 1991, "On the Procedure of Putting the USSR Law 'On Inventions in the USSR' Into Effect," acquires the right to the free use of the invention 15 years after the date of the submission of an application for the issuing of this patent.

The validity on the territory of the Russian Federation of previously issued protective documents of the USSR for inventions and industrial designs can be terminated in case of the lack of conformity of the covered object to the terms of patentability (the demands made on an invention or industrial design), which were envisaged by the legislation in effect on the date of the submission of the application, in accordance with the procedure established by points 2 and 3 of Article 29 of the Patent Law of the Russian Federation.

4. With regard to applications for the issuing of authorship certificates or patents of the USSR for inventions and certificates or patents of the USSR for industrial designs, with respect to which at the moment the Patent Law of the Russian Federation is put into effect the office work has not been completed and protective documents have not been issued, to grant to the applicants jointly with the authors the right to petition for the issuing of patents of the Russian Federation with the preservation of priority in accordance with the initially submitted applications.

The petitions are submitted to the State Patent Office of the Russian Federation no later than 30 June 1993.

The applications, with regard to which petitions are submitted in the indicated time, are considered in accordance with the procedure established by the Patent Law of the Russian Federation, here the conditions of the coverability of an invention and an industrial design, which were envisaged by the legislation that was in effect on the date of the submission of the application, are applied.

If an agreement between the applicant and the author(s) of an invention or industrial design on the joint submission of a petition is not reached, the issuing of a patent of the Russian Federation is not carried out.

5. With respect to applications for inventions and industrial designs, which were submitted in conformity with the legislation of the former USSR and in accordance with which the USSR State Patent Office or the Committee for Patents and Trademarks of the Ministry of Science, the Higher School, and Technical Policy of the Russian Federation gave expert decisions on the possibility of the issuing of protective documents, to grant temporary legal protection on the territory of the Russian Federation from the date of disclosure of the application for general familiarization to the date of the issuing of the patent.

Disclosure is carried out with respect to the applications, with regard to which petitions for the issuing of a patent of the Russian Federation have been submitted.

6. To establish that the provisions of Article 29, points 1, 3, and 5 of Article 32, and Articles 33 and 34 of the USSR Law "On Inventions in the USSR" and point 3 of Article 21, points 1 and 3 of Article 22, and Article 23 of the USSR Law "On Industrial Designs" with respect to the questions of preferences and material stimulation are applied on the territory of the Russian Federation until the passage of legislative acts of the Russian Federation on the development of invention and engineering design creativity.

The Government of the Russian Federation is to specify the procedure of the application of the indicated provisions with allowance for legislative acts of the Russian Federation.

The Committee of the Supreme Soviet of the Russian Federation for Science and Public Education jointly with the Commission of the Council of the Republic of the Supreme Soviet of the Russian Federation for the Budget, Plans, Taxes, and Prices is to submit to the Supreme Soviet of the Russian Federation proposals on the establishment of preferences with regard to the tax on the profit of enterprises and organizations, which use inventions and industrial designs.

7. With respect to authorship certificates of the USSR for inventions, with regard to which at the moment of the putting of the Patent Law of the Russian Federation into effect the 20-year period from the date of the submission of an application has not expired, and certificates of the USSR for industrial designs, with regard to which the 15-year period from the date of the submission of an application has not expired, as well as with respect to USSR patents in the name of the USSR State Fund of Inventions to grant the applicants jointly with the authors the right to petition for the termination of the indicated protective documents on the territory of the Russian Federation with the simultaneous issuing of a patent of the Russian Federation for the remaining period.

With respect to inventions and industrial designs, with regard to which decisions on the issuing of patents in the name of the USSR State Fund of Inventions were given, to grant the applicants jointly with the authors the right to petition for the issuing of a patent of the Russian Federation with the deferment of the payment of patent fees until the start of the receipt of revenues from the use of inventions or industrial designs, but not for more than five years.

8. Any person, who legitimately began prior to the date of the submission of the petition for the issuing of a patent of the Russian Federation in conformity with point 4 or point 7 of this Decree the use of an invention or industrial design, for which an application for the issuing of an authorship certificate (certificate) was submitted or an authorship certificate (certificate) was issued, retains the right of the subsequent use of this invention or industrial design without the conclusion of a license agreement. The payment of the fee to the authors in these cases is carried out in accordance with the procedure, which is established for the payment of the fee respectively for inventions, which are covered by authorship certificates, and industrial designs, which are covered by a certificate.

9. To grant the Government of the Russian Federation the right to establish on the basis of bilateral agreements with the states that are former subjects of the USSR a different procedure of the conducting of affairs on the obtaining of patents and their keeping in force than the procedure provided for by point 3 of Article 15 of the Patent Law of the Russian Federation.

10. The Committee of the Supreme Soviet of the Russian Federation for Science and Public Education, the Committee of the Supreme Soviet of the Russian Federation for Industry and Power Engineering, and the Committee of the Supreme Soviet of the Russian Federation for Legislation are to prepare and submit to the Supreme Soviet of the Russian Federation:

—the draft of a law on the Supreme Patent Chamber of the Russian Federation;

—the draft of a law of the Russian Federation on job-related inventions, useful models, and industrial designs;

—proposals on administrative and criminal liability for the violation of patent legislation.

11. The Government of the Russian Federation:

a) is to ensure the passage of the standard acts envisaged by the Patent Law of the Russian Federation by 31 December 1992;

b) to prepare and promulgate standard acts and, with regard to questions which require legislative regulation, to submit in accordance with established procedure to the Supreme Soviet of the Russian Federation by 31 December 1992 proposals:

—on the procedure of using inventions and industrial designs, which are covered by authorship certificates for inventions and certificates for an industrial design, which are in effect on the territory of the Russian Federation, and the payment of the award to their authors;

—on the procedure of handling secret inventions, useful models, and industrial designs and compensating for their classification;

—on steps on the economic stimulation of the development and use of objects of industrial property;

—on guarantees of the rights of the authors of inventions, useful models, and industrial designs, who work at state enterprises, organizations, and institutions;

—on the making of amendments and additions to prevailing legislation in connection with the passage of the Patent Law of the Russian Federation.

12. To establish that the State Patent Office of the Russian Federation and the organizations, which have been entrusted with the direct performance of individual functions, which are assigned by the Patent Law of the Russian Federation to the State Patent Office of the Russian Federation, form the unified state patent service.

The organizations, which belong to the unified state patent service, are legal persons who engage in activity that does not pursue the goal of deriving a profit.

The Government of the Russian Federation is to specify the list and the legal status of the organizations, which belong to the unified state patent system, and the powers of the State Patent Office of the Russian Federation with regard to the management of the property of these organizations.

Patent fees go directly into the budget of the State Patent Office of the Russian Federation.

13. The Committee of the Supreme Soviet of the Russian Federation for Science and Public Education is to carry out the monitoring of the execution of this Decree.

[Signed] *Chairman of the Supreme Soviet of the Russian Federation R.I. Khasbulatov*
Moscow, The House of Soviets of Russia
23 September 1992
No. 3518-1

Decree of the Supreme Soviet of the Russian Federation "On the Reconsideration of the Patent Law of the Russian Federation"

Having considered the Patent Law of the Russian Federation, which was returned by the President of the Russian Federation, the Supreme Soviet of the Russian Federation resolves:

1. In conformity with part two of Article 117 of the Constitution (Basic Law) of the Russian Federation to pass again the Patent Law of the Russian Federation with the proposed amendment of the text of Article 1 of the indicated Law.

2. To make the appropriate amendments and additions in points 1, 3, 4, 11, 13, and 14 of the decree of the Supreme Soviet of the Russian Federation of 18 June 1992, "On Putting the Patent Law of the Russian Federation Into Effect."

[Signed] *Chairman of the Supreme Soviet of the Russian Federation R.I. Khasbulatov*
Moscow, The House of Soviets of Russia
23 September 1992
No. 3519-1

Statute on Calculation of Profits Tax

Decree Ratifying Statute

925D0685A Moscow ROSSIYSKIYE VESTI in Russian 10 Sep 92 p 4

["Decree of the Government of the Russian Federation dated 5 August 1992 No. 552, Moscow City, Confirming the 'Statute on the Composition of Costs Involved in the Production and Marketing of Output (Work or Services) Included in the Prime Cost of Output (Work or Services), and on Procedure for Forming Financial Results Taken Into Account in Profits Tax'"]

[Text] In compliance with the law of the Russian Federation "On Profits Tax for Enterprises and Organizations" the Government of the Russian Federation decrees as follows:

1. To confirm the statute proposed on the composition of costs involved in the production and marketing of output (work or services) included in the prime cost of output (work or services), and procedure for forming financial results taken into account in profits tax as agreed in the Russian Federation Supreme Soviet, and to enact it from 1 July 1992, while subparagraph "t" in Clause 2 of the Statute will be enacted from 1 January 1992.

2. The Russian Federation Ministry of Industry, Russian Federation Ministry of Fuel and Power Engineering, Russian Federation Ministry of Science, Higher Education, and Technical Policy, Russian Federation Ministry of Agriculture, and Russian Federation Ministry of Architecture, Construction, and Housing and Municipal Economies will with the agreement of the Russian Federation Ministry of the Economy and Russian Federation Ministry of Finance draw up and confirm during the second half of 1992 standard methodological recommendations for planning, accounting, and calculating the prime cost of output (work or services) for the corresponding sectors of Russia's national economy (industry, construction, agriculture, science).

To recommend to leaders in the ministries and departments of the Russian Federation that as soon as possible

they devise and pass on to enterprises and organizations sector instructions on matters pertaining to planning, account-keeping, and calculation of the prime cost of output (work or services) as applied to specific features of corresponding production facilities and types of activity.

Special features in the composition of costs not covered by the statute confirmed by this Decree and indicated in the standard methodological recommendations and instructions shall be determined by appropriate ministries and departments of the Russian Federation with the agreement of the Russian Federation Ministry of the Economy and Russian Federation Ministry of Finance.

3. The Russian Federation Ministry of Finance shall devise and confirm norms and normatives for typical costs and advertising costs, and also for personnel training and retraining on a contractual basis with educational establishments, regulating the size of these costs for the prime cost of output (work or services) and procedure for applying them.

4. The Russian Federation Ministry of the Economy and Russian Federation Ministry of Finance together with the Russian Federation Ministry of Justice and other interested ministries and departments shall before 1 December 1992 draw up proposals for making changes to the legislation of the Russian Federation stemming from this Decree.

[Signed] *Ye. Gaydar*

Text of Statute

925D0685B Moscow ROSSIYSKIYE VESTI in Russian 10 Sep 92 pp 4-5

["Statute on the Composition of Costs in the Production and Marketing of Output (Work or Services) Included in the Prime Cost of Output (Work or Services), and on Procedure for Forming Financial Results Taken Into Account in Profits Tax as Confirmed by Decree of the Government of the Russian Federation dated 5 August 1992 No. 522"]

[Text]

I. Composition of Costs Included in the Prime Cost of Output (Work or Services)

1. The prime cost of output (work or services) is the cost assessment of natural resources, materials, fuel, energy, fixed capital, and manpower used in the production of output (work or services), and also other production and marketing costs.

2. The prime cost of output (work or services) includes the following:

a) costs associated directly with the production of output (work or services) resulting from production technology and organization, including spending to monitor production processes and the quality of goods produced;

b) costs associated with the use of natural resources with respect to restoration of land and payments for felled standing timber, and also payments for water collected by industrial enterprises from water systems within the established limits;

c) costs to prepare for and start up production:

—costs for preliminary work in the extractive sectors: surveys of deposits, clearing territory in the area of open-cast mining work, areas to preserve top soil used during subsequent restoration of land, construction of temporary access paths and roads to remove recovered raw materials, and other kinds of work;

—costs to open up new enterprises, production facilities, workshops, and units (startup expenses); to check the readiness of new enterprises, production facilities, workshops, and units for being brought on line, by means of comprehensive tests (under load) of all machines and mechanisms (test operations), with test production of the output planned for a project, and making adjustments to equipment;

—costs to make preparations for and start up the production of output not envisaged for series or mass production;

Costs to prepare for and start up the production of new kinds of output for series and mass production and technological processes are not regarded as prime cost of output (work or services) and are reimbursed from off-budget funds that finance sector and intersector scientific research and experimental design work [NIOKR] and measures to master new kinds of output (off-budget funds to finance NIOKR). The following are not classified as costs to start up new enterprises, production facilities, workshops, and units (startup costs) and are repaid through assets allocated to fund capital investments:

—costs for individual tests of particular kinds of machines and mechanisms and for comprehensive testing (idle running) of all kinds of equipment and technical installations for the purpose of checking the quality of assembly;

—costs for assisted assembly work done by the plants supplying equipment or by specialized enterprises on their instructions;

—costs to maintain the management of the construction enterprise, or, if there is none, the technical supervision group (whose maintenance costs are taken into account in the summary estimate calculations of the cost of construction), and also costs associated with formal acceptance of new enterprises and projects for operation;

—costs to train personnel for work at an enterprise just brought on line.

Costs to eliminate faults in work in projects and construction-and-assembly work, eliminate defects in

machinery that are the fault of the supplier, and also damage and deformation caused during transportation to the project warehouse, and costs to inspect (strip) equipment resulting from defects in anticorrosive protection, and other similar costs are covered by the enterprises that violated the terms of deliveries and work done;

d) costs of a noncapital nature associated with improving technology and organizing production, and also with improving the quality of output, improving its reliability and prolonging its service life and other operating characteristics carried out during the course of the production process.

Financing for the cost of developing and improving technologies used, and also to improve the quality of output, associated with scientific research and development work, the development of new kinds of raw materials and materials, and retooling is done from off-budget funds to finance NIOKR and other assets allocated to develop and improve production. These costs are not included in the prime cost of output (work or services);

e) costs associated with invention and rationalization: conducting experimental design work, fabricating and testing models and prototypes suggested by invention and rationalization proposals, the organization of exhibitions, reviews, competitions and other invention and rationalization measures, payment of emoluments to inventors, and so forth;

f) costs to maintain the production process:

—to supply a production facility with raw materials, materials, fuel, energy, tools, devices, and other means and tools of labor;

—to maintain fixed production capital in working condition (costs for technical inspections and maintenance and to carry out current, intermediate, and capital repairs). Costs to carry out modernization of equipment, and also to reconstruct fixed capital objects are not included in the prime cost of output (work or services).

—to ensure compliance with sanitation-and-hygiene requirements, including costs to maintain premises and inventories given by enterprises to medical establishments to organize medical centers directly on the territory of an enterprise, and to maintain cleanliness and order in production facilities, make provisions for fire protection and security watchmen and other special requirements as envisaged by the rules for technical operations at enterprises, and to supervise and monitor their activity;

g) costs to ensure normal working and safety conditions: installation and maintenance of protective devices for machines and their working parts, hatches, apertures, alarm systems, and other kinds of devices of a noncapital nature that ensure safety; installation and maintenance of disinfecting rooms, wash rooms, showers, baths, and laundries in production facilities (where the availability of these services for workers is associated with the special features of production and for which provision has been made by a collective agreement); equipping work places with special devices (of a noncapital nature) and prov.ding special clothing, footwear, and protective gear, and in cases joint-venture specified by law, special diets; maintenance of installations to aerate water, ice-making facilities, immersion heaters, mess halls, changing rooms, cupboards for special clothing, driers, and a room for relaxation; creation of other conditions as provided for by special requirements, and also the acquisition of manuals and placards on work safety, and the organization of reports and lectures on safety.

Health-maintenance and leisure arrangements not associated directly with workers' participation in the production process are made using assets allocated for social needs and the costs of carrying them out are not included in the prime cost of output (work or services).

h) current costs associated with maintaining and operating environmental protection measures: purification installations, dust collectors, filters, and other environmental protection objects, costs to bury environmentally dangerous waste and to pay for the services of outside organizations to accept, store, and destroy environmentally dangerous waste, purify sewage, and other kinds of current costs pertaining to environmental protection.

Payments for emissions of polluting substances up to the permissible levels into the natural environment are made as part of the prime cost of output (work or services), but payments for exceeding these levels come out of profit remaining to the user of national resources;

i) costs associated with production management;

—supporting workers in the management apparatus of an enterprise and its structural subdivisions, material-technical and transportation support for their activity, including costs to maintain light service vehicles and compensation (within the limits established by legislative norms) for the use of personal light vehicles for business trips;

—costs for trips associated with production activities (in accordance with the norms established by law).

Additional costs incurred in accordance with a decision by an enterprise manager as an exception to the rule and as an exception, associated with trips and compensation for the use of personal light vehicles for business trips above the norms for compensation as provided for by law, are covered from the profit remaining at the disposal of an enterprise;

—maintaining and servicing technical management facilities: computer centers, communications facilities, paging systems, and other technical facilities for management; payments for consulting, information, and auditing services.

Costs associated with auditing the financial-and-economic and commercial activity of an enterprise done at the initiative of one of the participants (owners) of that enterprise are not included on prime cost of output (work or services); payments for banking services with respect to paying enterprise workers through banking establishments;

—payment for services carried out by outside organizations to manage production in cases in which the staffing of an enterprise does not make provision for those particular functional services;

—representative costs associated with the commercial activity of an enterprise (costs to hold official receptions for the representatives of other enterprises, including foreign enterprises, and to visit cultural performances, and payment for the services of interpreters who are not staff members of an enterprise);

—costs to hold sessions of an enterprise council (or board) and the auditing commission of an enterprise.

Representative costs and costs to hold meetings of an enterprise council (or board) and the auditing commission of an enterprise are included in the prime cost of output (work or services) within the estimated limits approved by the enterprise council (or board) for the accounting year and worked out on the basis of the norms and normatives established by law, and, if such norms and normatives are not specified for particular kinds of representative costs, they are paid from the profit remaining at the disposal of enterprises. These costs are financed when the primary documents substantiating them are available.

Costs to create and improve control systems and facilities are not included in the prime cost of output (work or services);

j) costs associated with personnel training and retraining:

—payments of the average wage to enterprise workers from their main place of work during training while absent from work within the system of skill enhancement and personnel retraining;

—wages for skilled workers still working at their main place of work while training as students and when enhancing their skills;

—payment for vacations on full or partial pay in accordance with existing legislation for persons who are successfully studying in evening and correspondence courses and at higher and secondary specialized educational establishments, as correspondence graduate students attending evening (or shift) and correspondence general education schools, and at evening (or shift) vocational-and-technical schools, and also post-graduate students absent or not absent from production;

—payments for their travel to and from a place of training, as provided for by law;

—costs associated with payment of grants, payment for training on the basis of contracts with training establishments to provide additional services in training and skill enhancement and personnel retraining, based on the norms and normatives established by law, costs of base enterprises in payment of wages for engineering and technical workers and skilled workers given leave of absence from their main work, and in providing leadership in training under production conditions and production practice for students and general education schools, secondary vocational-and-technical schools, and secondary specialized educational establishments, and students at higher educational establishments.

Costs associated with maintaining training establishments and providing services for them gratis and made from profit remaining at the disposal of enterprises or from other special sources are not included in the prime cost of output (work or services);

k) costs as provided by law associated with recruiting a work force, including payment to graduates of secondary vocational and technical schools and junior specialists who have graduated from higher or secondary specialized educational establishments, and for travel to the place of work, and also for vacation before starting work;

l) costs to transport workers to and from the place of work along routes not served by general purpose passenger transport; additional costs associated with using enterprise assets on a contractual basis with local organs of executive power to cover costs to carry workers on overland and urban route general purpose transport (except for taxicabs) in amounts above those determined on the basis of existing tariffs for corresponding kinds of transportation. Amounts determined on the basis of existing tariffs for transportation services are repaid by workers to the enterprise (in the form of payments received in exchange for travel documents) or from profit remaining at the disposal of the enterprise;

m) additional costs associated with operating on a watch system, including delivery of workers from the location of the enterprise or a pickup point to and from work and to and from place of residence in a watch camp to the place of work, and also uncompensated costs to operate and maintain a watch settlement. Costs to equip a watch camp are covered by assets allocated for capital construction;

n) payments as provided for by labor law for time not used in production (absence from work): payment for regular and additional leave time, compensation for unused leave time, payment for workers at enterprises located in the Far North and other remote regions equivalent to the Far North to travel to the vacation site, payment for privilege hours for juveniles, payment for time off from work for mothers to care for a child, payment for time related to medical examinations and carrying out state duties, and payment of awards for years in service, and other kinds of payments;

o) deductions for state social security and pensions and to the state employment fund from costs to pay for the labor of workers employed in producing particular output (work or services) in accordance with the procedure established by law. Deductions to state social security and pensions and to the state employment fund from costs to pay for the labor of workers employed in the nonproduction sphere (workers in the housing and municipal economies, children's preschool establishments, medical establishments, health establishments, and so forth) should be included in the estimates for costs to maintain economies and establishments in the nonproduction sphere financed from enterprises' own resources, namely, profit remaining at the disposal of enterprises, payments from persons occupying apartments, contributions from parents to have a child in kindergarten, and so forth;

p) deductions for mandatory medical insurance in accordance with the procedure established by law.

Deductions to nonstate pension funds and for voluntary medical insurance and other kinds of voluntary insurance for enterprise workers are not included in the prime cost of output (work or services) and may be covered from the profit remaining at the disposal of an enterprise;

q) payments for mandatory insurance for the property of an enterprise, in accordance with procedure established by law, considered as part of the production capital, and also particular categories of workers employed in the production of particular kinds of output (work or services);

r) payments for bank loans within the limits of the rate set by law, and costs to pay interest on loans to suppliers (producers of work or services) for acquiring commodity stocks (or work done or services provided by outside enterprises). Payments for loans above the rate are treated as financial results. Payment of interest on loans obtained to make up a shortage of circulating capital and to acquire fixed capital and intangible assets, and also on overdue loans and extended loans, is made from profit remaining at the disposal of the enterprise;

s) payment for bank services provided under the terms of contractual trade-commission (factoring) operations;

t) deductions to special sector and interbranch off-budget funds created in accordance with the procedure established by law;

u) costs associated with the marketing of output: packaging, storage, shipment to a station (port, pier) for dispatch, loading into transport (except in cases in which these are covered by purchasers over and above the price of the product), advertising within the limits established by the norms, including participation in exhibitions and fairs, the cost of sample products transferred gratis under the terms of contracts, agreements, and other documents directly to purchasers or to brokerage organizations and not subject to return, and other similar costs;

v) costs associated with maintaining premises provided gratis to public catering enterprises providing services for the labor collective (including amortization deductions, costs to carry out all kinds of repairs to the premises, the cost of lighting, heating, providing water, and electric power, and also fuel to prepare meals);

w) costs to reproduce fixed capital included in the prime cost of output (work or services) in the form of amortization deductions to complete replacement cost of fixed capital;

x) depreciation of intangible assets.

Intangible assets include enterprise cost for intangibles used over a prolonged period in economic activity and generating income: the right to use tracts of land, natural resources, patents, licenses, know-how, program products, monopoly rights and privileges (including licenses for undefined kinds of activity), organizational costs (including payment for state registration of an enterprise, brokerage premises, and so forth), trademarks and logos, and so forth. Depreciation of intangible assets relates to the prime cost of output (work or services) monthly according to the norms calculated by the enterprise based on initial worth and period of utility (but not more than the period of activity at an enterprise).

For intangible assets for which it is impossible to determine a period of utility the norms for depreciation are set at 10 years (but not longer than the period of activity at an enterprise);

y) withholdings for pay and honoraria for creative workers transferred to the funds of creative unions in accordance with the procedure established by law;

z) taxes, duties payments, and other mandatory deductions made in accordance with procedure established by law;

zz) other kinds of costs included in the prime cost of output (work or services) in accordance with procedure established by law.

3. The following are also reflected in the actual prime cost of output (work or services):

—losses from breakage;

—costs for guaranteed repairs and guaranteed servicing of articles for which a guaranteed period of maintenance has been set;

—losses from stoppages for internal production reasons;

—shortages of material values in production at warehouses when no one is to blame;

—grants paid in connection with loss of work ability caused by production accidents and paid on the basis of a court ruling;

—payments to workers made redundant from enterprises and organizations in connection with their reorganization and reductions in the numbers of workers and staffs.

4. The following are not included in the prime cost of output (work or services):

—costs for an enterprise itself to carry out work (or services), or payment for such work, not connected with producing output (work to provide amenities in cities and settlements, provide assistance to the rural economy, and other kinds of work);

—costs to build, equip, and maintain (including amortization deductions and costs for all kinds of repairs) cultural and everyday and other facilities shown on the balance sheet of an enterprise, and also work done in the matter of providing assistance and participating in the activity of other enterprises and organizations.

5. Costs making up the prime cost of output (work or services) are grouped according to their economic content into the following categories:

—material costs (with deduction for the value of recyclable waste);

—costs for wages;

—deductions for social needs;

—amortization of fixed capital;

—other costs.

6. The following costs are reflected in the category "Material Costs":

—raw materials and materials acquired from outside that make up the product manufactured, for the basis of it, or are an essential component in the manufacture of the product (or in doing work or providing services);

—materials purchased and used in the process of manufacturing a product (work or services) in order to ensure a normal technological process and for packaging products or used for other production or economic needs (conducting tests, monitoring, maintenance, repair, and operation of equipment, buildings, installations, and other fixed capital, and so forth), and also spare parts to repair equipment and wear on tools, attachments, stocks, laboratory equipment, and other means of labor not related to fixed capital, and wear on special clothing and other low-cost items;

—purchased subassemblies and semifinished goods that need further assembly or additional work at a given enterprise;

—work and services of a production nature done by outside enterprises or enterprise production facilities and departments not related to the main kind of activity. Work and services of a production nature include the following: carrying out particular operations to manufacture output, processing raw materials and materials, conducting tests to determine the quality of the raw materials and materials being used, monitoring compliance with established technological processes, repairs to fixed capital, and so forth. transportation services from outside organizations to move loads inside the enterprise (moving raw materials and materials, tools, parts, unfinished work pieces, and other kinds of loads from a base (central) warehouse to a shop (or section) and to deliver finished output to storage warehouses and to stations (ports or piers) for dispatch are also treated as services of a production nature;

—natural raw materials (deductions to reproduction of the mineral raw materials base, restore land, pay for work done by special enterprises to restore land, payment for felled standing timber, payment for water collected by industrial enterprises from water systems within the limits set);

—all kinds of fuel acquired from outside and used for technological purposes, generating all kinds of energy (electric, heat), compressed air, refrigeration, and other kinds), heating buildings, and transportation work to service production carried out by a transportation enterprise;

—purchased energy of all kinds (electric, heat, compressed air, refrigeration, and other kinds) used for the technological, energy, engine, and other production and economic needs of an enterprise. Costs to generate electric and other kinds of energy done by an enterprise itself, and also to transform or transmit purchased energy to the site of its use, are included in the appropriate categories of costs;

—loss from inadequate supplies of material resources within the norms of natural losses.

The cost of material resources reflected in the category "Material Costs" is formed on the basis of prices to acquire them (not counting value added tax), markups (surcharges), and commissions paid to supply and foreign trade organizations, and the cost of commodity exchange services, including brokerage services, customs duties, payment for transportation, storage, and delivery done by outside organizations.

Costs associated with delivery (including loading and unloading operations) of material resources by transportation and personnel of an enterprise are included in the appropriate categories of production costs (costs for wages, amortization of fixed capital, material costs, and others).

The cost of material resources also includes enterprise costs to acquire packing and packaging obtained from material resources suppliers, with deduction of the cost of this packaging according to the price of its possible use in cases in which prices are set specially above the prices for these resources.

In those cases in which the cost of packaging acquired from a supplier with a material resource that is included in its price, the cost of the packaging according to the price of its possible use or sale is excluded from the cost of acquiring it (taking into account the cost of materials used to repair it).

The value of recyclable waste is excluded from costs for material resources included in the prime cost of production.

By recyclable waste from production is meant the remains of raw materials, materials, semifinished goods, heat carriers, and other kinds of material resources formed during the process of manufacturing a product (or doing work or providing services) that have totally or partially lost the consumer qualities of the initial resource (chemical or physical properties) and that for this reason can be used only at higher cost or cannot be used at all for their direct purpose.

The remains of material resources that in accordance with established technology are transferred to other shops and subdivisions as sound material for the production of other kinds of output (work or services) are not regarded as recyclable waste. By-products, a list of which is set forth in sector methodological recommendations (instructions) on matters of planning, accounting, and calculation of the prime cost of output (work or services), are also not regarded as recyclable waste.

Recyclable waste is assessed as follows:

—by a lower price than the initial material resource (price of possible use) if waste can be used for the main production but with higher costs (a lower yield of the finished product), for the needs of ancillary production, manufacturing consumer goods (cultural and everyday and domestic goods), or sold on the side;

—by the full price of the initial material resource if the waste is sold on the side for use as a sound resource.

7. The category "Costs for Wages" reflects costs to pay wages for main production personnel at an enterprise, including bonuses for workers and employees for production results, and incentive and compensation payments, including wage increases connected with price increases and income indexation within the limits of the norms as provided for by law, compensation paid to women within the amounts established by law who receive partial pay for time off to care for a child until the child has attained the age specified by law, and also costs to pay wages for workers employed in a main activity but not on an enterprise staff.

Costs for wages include the following:

—payments for actual work done calculated on the basis of piece-rate estimates, wage rates, and salary for post in accordance with the wage form and system adopted at an enterprise;

—the value of output given in kind to workers;

—incentive payments in accordance with system provisions: bonuses (including the value of bonuses in kind) for production results, including awards according to annual work results, additions to wage rates and salaries for professional skills, high achievements in labor, and so forth;

—compensation payments connected with working hours and working conditions, including the following: additions and supplementary payments above the wage rate and salary for work at night, overtime work, and extra shifts worked, for holding two jobs, extending the range of work performed, for work in difficult and harmful and very harmful working conditions, and so forth;

—the value of gratis communal services, food, and products offered to workers in particular sectors in accordance with existing legislation, costs to pay for free housing (the amounts of monetary compensation for indirectly free housing, communal services, and so forth) provided for enterprise workers in accordance with existing legislation;

—the value of items (including uniform dress, uniforms) provided free under existing legislation for permanent personal use (or the total of the benefits derived from their sale at low prices);

—payment in accordance with existing legislation for regular (annual) and additional leave (compensation for leave not used), travel to a vacation place for workers at enterprises located in regions of the Far North and regions equivalent to regions of the Far North, and remote regions in the Far East, privilege hours for juveniles, absence from work for mothers to care for children, and also time associated with undergoing medical examinations and carrying out state duties;

—payments to workers made redundant from enterprises and organizations in connection with their reorganization and reductions in the numbers of workers and staffs;

—one-time sum awards for service years (additions for work seniority in a specialty in a given business) in accordance with existing legislation;

—payments resulting from regional wage legislation, including the following: payments for regional coefficients for work in desert, waterless, and high-mountainous localities made in accordance with existing legislation; additions to wages as provided for by law for uninterrupted work seniority in regions of the Far North and regions equivalent to the Far North, regions of the European North, and other regions with severe natural and climatic conditions;

—payments for vacation before starting work for graduates of vocational-and-technical schools and junior specialists who have graduated from higher and secondary specialized training establishments.

—payment in accordance with existing legislation for training vacations offered to workers and employees who are successfully studying in evening and correspondence higher and secondary specialized training establishments, correspondence postgraduate studies, evening (shift) vocational-and-technical schools, evening (shift) and correspondence general education schools, and also starting postgraduate studies;

—payment for necessary time off or doing lower-paid work in cases as provided for by law;

—additional payments in cases of temporary loss of ability to work up to the actual level of wages, as established by law;

—the difference between salaries paid to workers and those with jobs with other enterprises and organizations, maintaining for a certain period (in accordance with legislation) the size of salaries at a previous place of work, and also in temporary substitution;

—sums paid (when work is done according to the watch method) in the amount of the wage rate or salary, wages for days spent traveling to and from the location of the enterprise (or a pickup point) to the place of work as provided for by the schedule for watch work, and also for days when workers are delayed on the road by weather conditions and through the fault of transportation organizations;

—sums paid for work done by persons recruited for work at an enterprise or organization under the terms of special contracts with state organizations (to provide manpower), both paid directly to individuals and transferred by state organizations;

—wages for the main place of work for workers, managers, and specialists at enterprises and organizations during training for them with leave of absence from work within the system of skill enhancement and personnel retraining;

—payment to donor workers for days used for examinations and giving blood and rest provided after each day that blood is given;

—wages for students at higher educational establishments and students at secondary specialized and vocational-and-technical training establishments undergoing production practice at enterprises, and also payments to students at general education schools during periods of vocational orientation;

—wages for students at higher educational establishments and students at secondary specialized and vocational and technical training establishments working in student detachments;

—wages for workers not on the staff of an enterprise, for carrying out work under the terms of contracts concluded under civil law (including contractual agreements) if the transaction with the workers for work done is made directly by the enterprise itself. Here, the amount of the wages for workers for work done (or services provided) under a contractual agreement is determined on the basis of estimates for doing such work (or providing such services) and payment documents;

—other kinds of payments included in accordance with established procedure to wage funds (except for the cost of wages financed from profit remaining at the disposal of enterprises, and other specific earnings).

The prime cost of output (work or services) does not include the following payments to workers at an enterprise in monetary form and in kind, and also costs associated with their content:

—bonuses paid from special-purpose funds and specific earnings;

-material help (including gratis material help for workers for initial contributions to cooperative housing construction, and partial repayment of loans provided for cooperative and private housing construction), interest-free loans to improve housing conditions, fitting out domestic accommodations and other social needs;

—payment for additional leave time for workers offered under the terms of collective agreements (over and above what is provided for by law), including women caring for children, payment for travel by family members of a worker to and from a vacation place (in accordance with existing legislation for enterprises located in regions of the Far North and in regions equivalent to the Far North, and in remote regions of the Far East);

—additions to pensions, one-time grants for veterans of labor who are retiring, earnings (dividends, interest) paid on shares and contributions of a labor collective to an enterprise, compensation payments connected with higher prices made over and above the scales of income indexation in accordance with decisions of the government of the Russian Federation, compensation for the higher cost of dining in dining halls, buffets, and health facilities or offered at favorable prices or gratis (except for special diets for particular categories of workers in cases as provided for by law);

—payment for travel to the place of work by general purpose, special route, and departmental transportation (except for sums related to the prime cost of output (work or services);

—price differences for products (work or services) offered to workers at an enterprise or produced by ancillary departments for public dining at an enterprise;

—payment for travel for medical treatment and relaxation, excursions and journeys, pursuits in sports facilities, groups, and clubs, visits to cultural performances and physical culture (sports) events, subscriptions and goods for personal use by workers, and other

similar payments and costs paid from profit remaining at the disposal of an enterprise;

—other kinds of payments not connected directly with wages.

8. The category "Deductions for Social Needs" reflects necessary deductions in accordance with norms established by law for the organs of state social security, the Pension Fund, the state employment fund, and medical insurance from workers' wages, included in the prime cost of output (work or services) under the category "Costs for Wages" (except for those kinds of payments for which insurance contributions are not charged).

9. The category "Amortization of Fixed Capital" reflects the sum of amortization deductions for full replacement of fixed capital calculated on the basis of the balance-sheet value of fixed capital and confirmed under the existing procedure for norms, including accelerated amortization of real fixed capital generated in accordance with the legislation.

Enterprises engaging in their own activity under leasing conditions reflect under "Amortization of Fixed Capital" amortization deductions to the full replacement cost both of their own and of leased fixed capital.

Amortization deductions from the value of fixed capital (premises) provided gratis to public catering enterprises and collectives providing personal services for workers, and also the value of premises and inventories provided for medical establishments to organize medical centers directly on the territory of an enterprise, are also reflected in this category.

Enterprises involved in accordance with procedure established by law in indexation of charges under existing norms for amortization deductions to full replacement cost of fixed capital also reflect in the "Amortization of Fixed Capital" category the sum of higher amortization deductions resulting from indexation.

10. The category "Other Costs" as part of the prime cost of output (work or services) includes taxes, duties, deductions to special off-budget funds created in accordance with procedure established by law, payments for maximum permissible levels of emissions of pollutants, and in accordance with mandatory insurance for the premises of an enterprise, giving due consideration to fixed capital, and also particular categories of workers employed in the production of corresponding kinds of output (work or services), awards for invention and rationalization proposals, payments for loans within the limits of rates set by law, payment for work on product certification, costs for business trips in accordance with the norms established by law, and for grants, payments to outside enterprises for fire and security services, personnel training and retraining, costs to organize worker recruitment, and for guaranteed repairs and maintenance, payment for communications services and computer centers and banks, lease payments in the case of lease of particular facilities in fixed capital, depreciation of intangible assets, and also other costs making up part of the prime cost of output (work or services) but not connected with the categories enumerated heretofore.

Enterprises forming reserve assets (repair funds) to ensure even inclusion of costs to carry out all kinds of repairs to fixed capital in the prime cost of output (work or services) also reflect under the "Other Costs" category deductions to repair funds determined on the basis of the balance-sheet value of fixed capital and normatives for deductions as confirmed under procedure established by the enterprises themselves.

In other cases, costs to carry out all kinds of repairs (current, intermediate, capital) to fixed capital are included in the prime cost of output (work or services) for the appropriate category of costs (material resources, costs for wages, and the others). For the purpose of uniform write-off of costs to repair fixed capital to the prime cost of output (work or services) they may be included in prime cost based on the normative set by the enterprise, reflecting the difference between the total cost of repairs and the sum transferred according to the normative to the prime cost of output (work or services) as part of costs for future periods.

Payments for mandatory insurance for property and particular categories of workers, and also costs associated with the sale (marketing) of output (work or services) may be withdrawn from the "Other Costs" category and transferred to separate categories.

11. Costs associated with production and the sale of output (work or services) may during planning, accounting, and calculation of the prime cost of output (work or services) be grouped together under items of expenditure. The list of items of expenditure and their composition, and the method for allocation according to kinds of output (work or services) are determined by sector methodological recommendations on planning, accounting, and calculation of the prime cost of output (work or services), giving due consideration to the nature and structure of production

When this is done the grouping of items of expenditure established for a corresponding sector (subsector or kind of activity) should ensure the separation of costs associated with the production of particular kinds of output that could be directly included on their prime cost (so-called direct costs).

12. Costs to produce output (work or services) are included in the prime cost of output (work or services) for the accounting period to which they relate, regardless of the time of payment, with either initial payment (lease payments and so forth) or subsequent payment (payment for workers' vacation time, payment of awards for years in service, payments according to annual results, and so forth). Particular kinds of costs (costs for making preparations for and starting up production, replacement of worn special tools and attachments, and so forth) for

which it cannot be accurately established to which calculation period they belong, and also costs for seasonal sectors of industry, are included in the costs of production under the procedure for normed estimates as defined in sector methodological recommendations on planning, accounting, and calculation of the prime cost of output (work or services).

Nonproduction costs are reflected in the accounts for the accounting month in which they appear.

Costs paid by an enterprise in a foreign currency and included on the prime cost of output (work or services) are reflected in the currency in use on the territory of the Russian Federation in sums determined by calculating the foreign currency against the exchange rate at the Russian Federation Central Bank in force on the date that the operation was conducted.

II. Forming Financial Results

13. The final financial result (profit or loss) is made up of the financial result from the sale of output (work or services), fixed capital, and other property of an enterprise and earnings from nonrealized operations minus the total costs of these operations.

Profit (or loss) from the sale of output (work or services) and goods is defined as the difference between earnings from the sale of output (work or services) in existing prices without value added tax, and the cost of producing and marketing it. Enterprises engaged in export activity exclude export tariffs when calculating earnings from the sale of output (work or services).

Earnings from the sale of output (work or services) are determined either as a measure of payment for it (in noncash accounting it is the measure of assets received for goods (work or services) into bank accounts, while in cash transactions it is determined as the receipt of assets into a cashier's office or a measure of goods unloaded (or work done or services provided) and presentation of an invoice to a purchaser (client). The method for determining earnings from the sale of output (work or services) is established by an enterprise for a prolonged period (a number of years) based on the conditions of management, and is included in contracts.

14. The "Profit and Loss" category includes the following:

—income derived on the territory of the Russian Federation and outside it from shared participation in the activity of other enterprises; dividends on shares and income from bonds and other securities belonging to an enterprise; income from the leasing of property; income from evaluation of production stocks and finished output;

—fines, [illegible]al sanctions, forfeits, and other kinds of sanctions imposed on or recognized by a debtor for violation of the terms of economic contracts, and also income from compensation for losses caused; profit from previous years shown for an accounting year;

—positive exchange rate differences in hard currency calculations, and also operations in foreign currencies;

—other income from operations not directly related to the production and sale of output (work or services).

15. Costs and losses included in the "Profit and Loss" category include the following: the cost of canceled production orders, and also production costs that do not generate output; costs to maintain mothballed production capacities and facilities (except for costs covered from other sources);

—losses from stoppages resulting from external causes and not covered by those to blame for them; losses from markdowns of production stocks and finished output;

—losses from packaging operations;

—legal costs and arbitration expenses;

—fines, financial sanctions, forfeits, and other kinds of sanctions imposed for violation of the terms of economic contracts, and also costs to pay compensation for losses caused;

—sums of doubtful debts in accounts with other enterprises, and also individuals, subject to reservation in accordance with the law;

—losses from write-off of debts for which limitation of action has expired, and other debts that cannot realistically be recovered;

—losses from operations in previous years shown in the current year;

—uncompensated losses from natural disasters (destruction and spoilage of production stocks, finished articles, and other material values, losses from production closedown, and so forth), including costs associated with preventing or cleaning up after natural disasters;

—uncompensated losses resulting from fires, accidents, and other emergency situations resulting from extreme conditions;

—losses from thefts whose perpetrators are not established by the courts; negative exchange rate differences in hard currency accounts, and also foreign currency operations.

Law on Subsidies to Krays, Oblasts, Okrugs

Text of Law

925D0713A Moscow EKONOMIKA I ZHIZN in Russian No 35, Aug 92 Insert pp 7-8

[Law of the Russian Federation "On Subventions to Russian Federation Republics, Krays, Oblasts, Autonomous Oblast and Autonomous Okrugs, and the Cities of Moscow and St. Petersburg"]

[Text] This law establishes the legal bases for the provision of centralized financial assistance to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg.

Section I. General Provisions

Article 1. The concept and types of subventions

1. Financial assistance to Russian Federation republics, krays, oblasts and autonomous okrugs, and the cities of Moscow and St. Petersburg is provided in the form of subventions from the federal budget and nonbudgetary funds for the purposes of bringing the levels of socioeconomic development of the Russian Federation's regions closer together.

2. By subvention this law means a fixed amount of state monies allocated on a nonrepayable basis for the financing of (compensation for) specifically designated expenditures from the budgets of national state formations and territorial administrative formations.

3. Subventions allocated for the financing of current expenditures are classified as current subventions. Subventions allocated for the financing of investment or innovational activities and other outlays associated with expanded reproduction are classified as investment subventions.

Article 2. General conditions for the granting and use of subventions

1. Subventions are allocated for the financing of specific measures carried out on the territory of a Russian Federation republic, kray, oblast, autonomous oblast, autonomous okrug, or the city of Moscow or St. Petersburg.

Subvention financing is carried out in the form of the shared participation of the federal budget or nonbudgetary funds in the pertinent budget expenditures of national state formations and territorial administrative formations, and does not apply to measures fully financed out of federal budget monies, including measures specified in the RSFSR Law on the Social Development of the Countryside. The use of subventions does not result in changing the form of ownership of facilities and projects financed with their help.

2. The designation, amount and recipient of and procedures and conditions for granting subventions are established in accordance with Russian Federation legislation by the agency providing the subventions.

3. The agency granting subventions has the right to monitor their use. The recipient of subventions is required to report on their use according to established procedures.

Article 3. Responsibility for the observance of conditions for the granting and use of subventions

1. A subvention that is not used within the time period or that is used for other than its designated purpose is subject to being returned to the agency that granted it. When the conditions for the granting and use of subventions are violated, the allocation of them is terminated.

2. The return of a subvention or the early termination of subvention financing is carried out on the basis of a decision by the agency that has granted the subvention. A decision on the return of a subvention must be taken no later than three months following the receipt of a report on the use of the subvention, or upon expiration of the deadline for reporting.

3. The return of a subvention is carried out on a nonappealable basis from the monies of the recipient of the subvention within a three-month period after a decision to this effect has been taken.

Section II. The Granting and Use of Subventions From the Federal Budget

Article 4. The designation of subventions from the federal budget

1. Subventions from the federal budget to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg are granted by the Russian Federation Ministry of Finance.

2. Current subventions from the federal budget are earmarked for the purpose of equalizing the conditions of the financing out of the monies of the budgets of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg of the general state social expenditures assigned to them. In this connection, general state social expenditures include current expenditures for social and cultural measures, the maintenance of budget-financed organizations, and the social protection of the population that are subject to priority budget financing.

3. Investment subventions from the federal budget are earmarked for the purpose of equalizing the conditions of the financing out of the budgets of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg of the general state capital investments assigned to

them. In this connection general state capital investments include capital investments for development of the social infrastructure, environmental protection, and the comprehensive development of a territory that are subject to priority budget financing.

Article 5. The recipient of subventions from the federal budget

1. Subventions from the state budget are granted to agencies of the representative government of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg, on which the responsibility for observance of the conditions for their use is imposed.

2. Current and investment subventions from the federal budget are included, respectively, in republic current-expenditure budgets and development budgets of Russian Federation republics, kray and oblast current-expenditure budgets and development budgets of krays and oblasts, the oblast current-expenditure budget and development budget of the autonomous oblast, okrug current-expenditure budgets and development budgets of autonomous okrugs, and city current-expenditure budgets and development budgets of the cities of Moscow and St. Petersburg, with a breakdown by specific articles and measures.

3. By the decision of bodies of representative government of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg, part of subventions from the federal budget may be allocated for the financing of general state social expenditures or capital investments assigned to local budgets, unless otherwise stipulated in the conditions for the granting of subventions. No change in the designated purpose of subventions transferred to local budgets is permitted.

Article 6. The subventions fund

1. Subventions from the federal budget to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg are granted out of monies in the federal budget subventions fund.

2. The amount and distribution of the federal budget subventions fund are considered and ratified by the Russian Federation Supreme Soviet in the course of the article-by-article consideration and ratification of the federal budget.

3. Subventions that are unused during a fiscal year are reallocated to the subventions fund of the federal budget of the following fiscal (budget) year.

Article 7. Conditions for the granting of current subventions from the federal budget

1. The right to receive current subventions from the federal budget belongs to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg in the general revenues of whose consolidated budgets the share of budget revenues necessary for the financing of general state social expenditures exceeds the Russian Federation average.

2. The list of general state expenditures, the amounts and normative rates of their financing that are guaranteed by the Russian Federation, and the assignment of these expenditures to respective levels of the budget system for the next fiscal year are established by the Russian Federation Ministry of Finance and confirmed by the Russian Federation Supreme Soviet in the course of the consideration and ratification of the federal budget.

3. Current subventions from the federal budget are granted on the condition of their allocation for the financing under pertinent articles of general state social expenditures of a share of the revenues of the consolidated budget of a Russian Federation republic, kray, oblast, autonomous oblast or autonomous okrug, or the city of Moscow or St. Petersburg that is no lower than average for the Russian Federation.

Article 8. The procedures for granting current subventions from the federal budget

1. Requests by bodies of representative government of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg for the receipt of current subventions from the federal budget are presented to the Russian Federation Supreme Soviet's Control and Budget Committee and the Russian Federation Ministry of Finance before 15 August of the year preceding the next fiscal year.

2. Before 15 September of the year preceding the next fiscal year, the Russian Federation Ministry of Finance submits for the consideration of the Russian Federation Supreme Soviet proposals on the amount of current subventions from the federal budget to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg, and on their distribution among the articles of general state social expenditures that are assigned to the pertinent budgets.

3. Current subventions from the federal budget that are ratified by the Russian Federation Supreme Soviet must ensure, in the Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg that have the right to receive them, amounts of financing of the general state social expenditures assigned to their budgets that are no lower than the normative rates guaranteed by the Russian Federation.

Article 9. Conditions for the granting of investment subventions from the federal budget

1. Investment subventions from the federal budget may be granted to Russian Federation republics, krays,

oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg, the revenues of whose budgets are, according to a finding of the Russian Federation Ministry of Finance, insufficient for financing the general state capital investments assigned to them.

2. Findings of the Russian Federation Ministry of Finance on the possibility of financing out of the development budgets of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg of the general state capital investments assigned to them are presented for the consideration of the Russian Federation Supreme Soviet as part of the substantiating materials for proposals to grant investment subventions from the federal budget.

3. Investment subventions from the federal budget are granted only for investment projects and programs that have passed expert review and received the approval of the Russian Federation Ministry of the Economy. The conditions and procedures for the presentation of investment projects and programs for expert review are established by the Russian Federation Ministry of the Economy.

Article 10. Procedures for granting investment subventions from the federal budget

1. Requests by agencies of representative government of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg for the receipt of investment subventions from the federal budget, including the expert findings of the Russian Federation Ministry of the Economy, are presented to the Russian Federation Supreme Soviet's Control and Budget Committee and the Russian Federation Ministry of Finance before 15 August of the year preceding the next fiscal year.

2. Before 15 September of the year preceding the next fiscal year, the Russian Federation Ministry of Finance submits for the consideration of the Russian Federation Supreme Soviet proposals for the granting of investment subventions from the federal budget for specific investment projects and programs.

3. Proposals of the Russian Federation Ministry of Finance for the granting of investment subventions from the federal budget must be approved in findings of the Russian Federation Supreme Soviet Council of Nationalities' Commission on the Social and Economic Development of Russian Federation Republics, Autonomous Oblast, Autonomous Okrugs and Numerically Small Peoples; the Russian Federation Supreme Soviet Council of the Republic's Commission on Social Policy; and the Russian Federation Supreme Soviet Committee on Interrepublic Relations, Regional Policy and Cooperation, as well as in the findings of pertinent standing commissions of the chambers and committees of the Russian Federation Supreme Soviet on specific investment projects and programs. A composite finding on the granting of investment subventions from the federal budget is submitted for consideration of the Russian Federation Supreme Soviet by the Russian Federation Supreme Soviet Council of the Republic's Commission on the Budget, Plans, Taxes and Prices.

Article 11. Monitoring of the use of subventions from the federal budget

1. Monitoring of the use of subventions from the federal budget is assigned to the Russian Federation Supreme Soviet's Control and Budget Committee and the Russian Federation Ministry of Finance.

2. During the month following confirmation of the report on fulfillment of the pertinent budget, bodies of representative government of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg are required to present a report on the use of subventions received to the Russian Federation Supreme Soviet's Control and Budget Committee and the Russian Federation Ministry of Finance.

The forms for presenting reports are established by the Russian Federation Ministry of Finance with the consent of the Russian Federation Supreme Soviet's Control and Budget Committee.

3. The granting of subsidies from the federal budget may be terminated in the event that bodies of representative government of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg violate the norms of Russian Federation tax and budget legislation.

Section III. The Granting and Use of Subventions from Nonbudgetary Funds

Article 12. The designation of subventions from nonbudgetary funds

1. Subventions to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg from nonbudgetary funds are intended for the purpose of attracting additional monies for the financing of investment projects and programs carried out on their territories.

2. Subventions from nonbudgetary funds may not be allocated for financing current budget expenditures or making up for losses sustained as the result of economic activities.

Article 13. Nonbudgetary funds engaging in subvention financing

1. Nonbudgetary funds engaging in subvention financing are created by decision of the Russian Federation Supreme Soviet.

2. Nonbudgetary funds engaging in subvention financing are created for the purpose of attracting additional monies for the financing of measures of state regional

policy aimed at bringing the levels of socioeconomic development of regions of the Russian Federation closer together, developing new territories, improving the environment, regulating the process of population migration, and preventing and coping with the consequences of natural disasters.

3. The sources of the formation of and procedures for the use of the monies of a nonbudgetary fund engaging in subvention financing, as well as the conditions of its activities, are determined by the nonbudgetary fund's by-laws. The nonbudgetary fund's by-laws are approved by the Russian Federation Supreme Soviet.

4. The monies of nonbudgetary funds engaging in subvention financing are derived from:

—the reallocation of federal monies from nonbudgetary sources;

—credits and loans, including foreign credits and loans;

—other receipts.

Article 14. The conditions for the granting of subventions from nonbudgetary funds

1. The right to obtain subventions from nonbudgetary funds belongs to bodies of representative government of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg that have received, according to established procedures, the status of a Russian Federation region requiring financial assistance.

2. The conditions and time periods for the granting of subsidies from nonbudgetary funds to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg having the right to receive subventions from nonbudgetary funds are determined by the nonbudgetary funds' by-laws.

3. Subventions from nonbudgetary funds allocated to bodies of representative government are assigned to the pertinent articles of the development budgets of national state formations and territorial administrative formations, or of nonbudgetary funds established by them.

4. The share of subventions from a nonbudgetary fund for specific projects or programs may not exceed 80 percent of the capital investments of the subventions' recipient that are allocated for the realization of those investment projects or programs.

5. The total number and amount of subventions from nonbudgetary funds received simultaneously by bodies of representative government are not limited.

Article 15. Monitoring of the granting and use of subventions from nonbudgetary funds

1. Nonbudgetary funds engaging in subvention financing are accountable in their activities to the Russian Federation Supreme Soviet.

2. Monitoring of the use of subventions from nonbudgetary funds is assigned to the Russian Federation Supreme Soviet's Control and Budget Committee and the Russian Federation Ministry of Finance.

3. Nonbudgetary funds engaging in subvention financing present an annual report on their activities to the Russian Federation Supreme Soviet. The forms for the presentation of reports are established by the Russian Federation Ministry of Finance with the consent of the Russian Federation Supreme Soviet's Control and Budget Committee.

4. The Russian Federation Supreme Soviet may establish monitoring commissions made up of Russian Federation people's deputies and specialists for the purpose of monitoring the activities of nonbudgetary funds. A monitoring commission regularly hears reports on the nonbudgetary funds' current work, examines the nonbudgetary funds' annual activity plans and reports on their fulfillment, and presents findings on the nonbudgetary funds' annual reports to the Russian Federation Supreme Soviet.

Section IV. Special Cases for the Granting of Subventions

Article 16. Subventions to the city of Moscow as capital of the Russian Federation

1. Subventions to the city of Moscow as the Russian Federation capital are designated for the purpose of making up for additional city budget expenditures and losses connected with the city of Moscow's performance of the functions of Russian Federation capital. Subventions are assigned to the pertinent articles of the city current-expenditure budget and development budget of the city of Moscow.

2. Subventions to the city of Moscow as Russian Federation capital are granted from the federal budget. The amount and designation of subventions are established by the Russian Federation Supreme Soviet on the basis of the results of the consideration of proposals from the Moscow City Soviet of People's Deputies or its authorized agency.

Article 17. Subventions to compensate for unforeseen expenditures

1. Subventions to compensate for unforeseen expenditures from the budgets of Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg that are connected with coping with the consequences of natural and other disasters, epidemics, mass disturbances and other emergency situations are granted to the pertinent bodies of executive authority by decision of the Russian Federation Government.

2. Subventions to compensate for unforeseen expenditures are drawn from the reserve funds of the Russian Federation Government, as well as from specially earmarked deductions from the federal budget allocated by

the Russian Federation Supreme Soviet in accordance with a proposal by the Russian Federation Government.

[Signed] *B. Yeltsin, president of the Russian Federation*

Moscow, Russian House of Soviets

15 July 1992

No 3303-1

Decree on Law's Implementation

925D0713B Moscow EKONOMIKA I ZHIZN in Russian No 35, Aug 92 Insert p 8

[Decree of the Russian Federation Supreme Soviet on the Procedures for Implementing the Law of the Russian Federation "On Subventions to Russian Federation Republics, Krays, Oblasts, Autonomous Oblast and Autonomous Okrugs, and the Cities of Moscow and St. Petersburg"]

[Text] The Russian Federation Supreme Soviet decrees:

1. To implement the Russian Federation Law on Subventions to Russian Federation Republics, Krays, Oblasts, Autonomous Oblast and Autonomous Okrugs, and the Cities of Moscow and St. Petersburg as of the time that it is published, with the exception of provisions defining the procedures and conditions for the allocation of subventions from the federal budget.

The procedures and conditions for the allocation of subventions from the federal budget to Russian Federation republics, krays, oblasts, autonomous oblast and autonomous okrugs, and the cities of Moscow and St. Petersburg are to be applied beginning 1 January 1993.

2. The Russian Federation Government is:

—to present to the Russian Federation Supreme Soviet, according to established procedures, proposals for bringing Russian Federation legislative acts into conformity with the Russian Federation Law on Subventions to Russian Federation Republics, Krays, Oblasts, Autonomous Oblast and Autonomous Okrugs, and the Cities of Moscow and St. Petersburg;

—to bring decisions of the Russian Federation Government into conformity with the aforementioned law.

[Signed] *R. I. Khasbulatov, chairman of the Russian Federation Supreme Soviet*

Moscow, Russian House of Soviets

15 July 1992

No 3304-1

Draft Statute on Russian-Chinese Trade, Technical Cooperation Commission

Decree Approving Draft Statute

935D0071A Moscow ROSSIYSKIYE VESTI in Russian 29 Oct 92 p 5

[Russian Federation Government Degree No. 531: "On the Draft Statute on a Russian-Chinese Intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation," signed by Ye. Gaydar on 5 August 1992 in Moscow]

[Text] The Draft Statute on a Russian-Chinese Intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation prepared by the Russian Federation Ministry of Foreign Economic Relations (appended) shall be approved.

The Russian section of the said commission shall be charged with the task of submitting the given draft for ratification by the first meeting of the Russian-Chinese Intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation, permitting the Russian side to introduce individual clarifications and amendments which are not of a principle character into the draft statute on the commission in the course of its discussion.

[Signed] Ye. GAYDAR

Text of Draft Statute

935D0071B Moscow ROSSIYSKIYE VESTI in Russian 29 Oct 92 p 5

[Russian Federation Government Draft Statute on a Russian-Chinese Intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation]

[Text] The present Statute has been developed for purposes of facilitating the work of the Russian-Chinese Intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation.

1. Primary directions of operation

The Russian-Chinese Intergovernmental Commission on Trade-Economic and Scientific-Technical Cooperation, subsequently referred to as the Commission, is an intergovernmental agency formed in accordance with the agreement between the Russian Federation and the Chinese People's Republic, as formulated by letters exchanged by the parties on 29 December 1991 and by the Statute on Russian Sections of Intergovernmental Commissions on Trade-Economic and Scientific-Technical Cooperation With Foreign Countries.

The Commission coordinates cooperation between the two countries, aids in its development in such spheres as economics, trade, science and technology, transport, education and others; maximally identifies potential capacities for cooperation; increases its effectiveness;

resolves problems arising in the course of cooperation, and defines its new directions.

2. Structure

The Commission consists of a Russian and a Chinese section.

The governments of both countries, in cooperation with the appropriate ministries and departments, ratify a chairman, a deputy chairman, an official secretary, and members of its section of the Commission. The chairmen of the sections inform each other about the personnel make-up of the Commission's sections and any changes in it.

3. Organization of operation

The Commission holds its meetings once a year, alternately in the capitals of both countries. The chairman of that section of the commission in whose country the meeting is being held presides over the meeting.

One or two months before the meeting, the parties agree on the date of its convocation and exchange preliminary drafts of the meeting agenda. Two weeks prior to the start of the meeting, they finalize the coordination of the agenda and exchange meeting protocol drafts. Seven to ten days prior to the start of the meeting, groups of experts headed by the official secretaries of the national sections make preparations for the meeting and in principle coordinate the meeting protocol.

The protocols of the Commission meetings are compiled in Russian and in Chinese, with both texts having equal force.

Questions which the chairmen of both sections have agreed to discuss are reviewed at the meetings of the Commission.

The decisions adopted by the Commission at its meetings, upon mutual agreement of both sections, are recorded in the protocol and become effective after its signing by the chairmen of both sections.

The decisions entered in the protocol which, in the opinion of one of the Commission sections, are subject to approval by the corresponding agencies in its country, become effective after the chairman of the appropriate Commission section has been informed of their ratification.

In the period between Commission meetings, the chairmen of both sections may if necessary convene extraordinary meetings of the Commission or make joint coordinated decisions on individual questions without holding meetings. In the latter case, these decisions are entered into the protocol at the next Commission meeting.

The chairmen of the Commission sections present information to their governments on the results of the meetings which have been held, with appropriate proposals.

4. Organs of the Commission

The Commission may create subcommissions and work groups.

The above-mentioned organs are created by agreement between the national sections of the Commission and perform their work in accordance with the statutes ratified by the Commission and the Commission's decisions.

The national sections of the subcommissions and work groups regularly inform the chairmen of the Commission's national sections about their activity. Two months before the convocation of the regular meeting of the Commission, the national sections of the subcommissions and work groups submit written reports to the chairmen of the national sections on the work performed since the time of the last Commission meeting, and also present proposals for inclusion into the draft agenda of the regular Commission meeting.

5. Responsibilities of official secretaries

Official secretaries answer for the day-to-day work of the national sections of the Commission, coordinate the activity of its subcommissions and work groups, prepare documents for Commission meetings, and also fulfill other responsibilities associated with the Commission's activity.

For these purposes, the official secretaries maintain constant communication with each other, and if necessary, meet in the period between the Commission meetings.

6. Expenditures associated with holding meetings

The expenditures associated with holding Commission meetings, including the living and food expenses of their participants, are borne by that section of the Commission in whose country the meeting is being held.

The number of meeting participants whose living and food expenditures are assumed mutually by the parties must be determined on the basis of parity.

Expenditures for paying travel expenses of meeting participants from their country to the country where the meeting is being held and back are borne by the side sending them.

7. Amendment of present Statute

By agreement of both sections, the Commission has the right to introduce changes and amendments into the present Statute.

ECONOMIC AFFAIRS

Law on Changes, Additions to Various Legislative Acts

925D0708A Kiev HOLOS UKRAYINY in Ukrainian 4 Aug 92 p 3

["Law of Ukraine on the Introduction of Changes and Additions to Several Legislative Acts of Ukraine"]

[Text] In conjunction with the adoption of the Ukrainian law "On Leasing of Property of State Enterprises and Organizations," the Ukrainian Supreme Soviet **decrees**:

I. To introduce changes and additions to the following legislative acts of Ukraine:

1. In the Civil Code of the Ukrainian SSR:

to reword Articles 258 and 259 as follows:

"Article 258. Contract period for property rental

"The period of the contract for property rental is determined by agreement of the parties unless otherwise established by official legislation.

"Article 259. Conclusion of a contract for property rental without defining a period of time

"When a contract for property rental is concluded without definition of a period of time, it is considered to be concluded for an undetermined period of time and each of the parties has the right to end the contract at any time after giving the other party appropriate warning in written form three months in advance";

to exclude the second part of Article 260 and all of Article 261.

2. In Article 10 of the Ukrainian SSR law "On Free Enterprise in the Ukrainian SSR" (VIDOMOSTI VERKHOVNOYI RADY URSR, 1991, No. 24, p 272, VIDOMOSTI VERKHOVNOYI RADY UKRAYINY 1992, No. 17, p 209):

in the second paragraph of part three, after the words "which do not contradict", to add the words "official legislation and";

in part five and six, after the words "unless otherwise stipulated", to add the words "official legislation and".

3. In point "g" of part one of paragraph 3 of the Ukrainian law "On Taxation of Profits of Enterprises and Organizations" (VIDOMOSTI VERKHOVNOYI RADY UKRAYINY 1992, No. 23, p 333), to exclude the second sentence.

4. To exclude part two of Article 43 of the Ukrainian law "On Foreign Investments" (VIDOMOSTI VERKHOVNOYI RADY UKRAYINY 1992, No. 26, p 357).

II. To define as having become invalid the decree of the Ukrainian SSR Supreme Soviet Presidium dated 10 January 1990 "On Questions Connected With the Implementation of the Foundations of Legislation of the USSR and Union Republics Concerning Leasing" (VIDOMOSTI VERKHOVNOYI RADY URSR, 1991, No. 4, p 44).

III. This law goes into effect as of the moment of its publication.

[Signed] **L. Kravchuk, president of Ukraine**
Kiev, 7 July 1992

State Draft Program for Development of Business Undertakings

92UN1979A Moscow DELOVOY MIR in Russian 6 Aug 92 pp 13-14

[Draft State Program for Development of Entrepreneurship in Ukraine, prepared by team of authors from State Committee of Ukraine for Promotion of Small Business and Entrepreneurship]

[Text]

Introduction

The development of market relations is one of the main ways of extricating Ukraine from the economic crisis and improving the socioeconomic conditions of public life dramatically.

The State Program for the Development of Entrepreneurship in Ukraine is based on fundamental changes in the system of public administration and on legislative enactments, primarily the Declaration of the State Sovereignty of Ukraine, the Declaration of Ukrainian Independence, the laws of Ukraine "On Entrepreneurship," "On Property Ownership," "On the Privatization of the Property of State Enterprises," "On Privatization Documents," "On the Privatization of Small State Enterprises (Small-Scale Privatization)," "On Foreign Investment," and others.

The program is intended to develop positive public opinions of entrepreneurial activity, to encourage socially active population strata to participate in it, and to reduce unemployment.

During the initial stage it will emphasize the development of small enterprises in priority sectors of the economy and the construction of a developed market infrastructure.

Citizens of Ukraine will have opportunities for an unlimited choice of spheres of entrepreneurial activity.

The program was drawn up by the State Committee of Ukraine for the Promotion of Small Business and Entrepreneurship with the participation of academics and specialists.

Goals and Objectives of State Program for Development of Entrepreneurship in Ukraine

The main purpose of the program will be the redirection of state policy for the protection and support of entrepreneurship in Ukraine, the creation of the necessary legal and economic-organizational conditions for its implementation, and the determination of the means of government regulation of entrepreneurial activity.

The main objectives of the program are the following:

the determination of the set of sectorial and regional priorities for the organization of government support for entrepreneurship;

the establishment of a legal base for the effective development of entrepreneurship and for its guaranteed legal protection;

the establishment of the necessary material conditions for the development of small business;

the creation of the necessary conditions for the development of the particular elements of the market infrastructure that will encourage entrepreneurial activity;

the training of managers and specialists for entrepreneurial activity;

the development of systems for the financing, crediting, and insurance of entrepreneurial activity;

the creation of a support system for foreign and joint ventures;

the organizational-procedural and informational support of entrepreneurship and the organization of publicity coverage of progressive entrepreneurial experience;

the consolidation of entrepreneurs and the consideration of their proposals in governmental decisionmaking.

1. Determination of Set of Statewide, Sectorial, and Regional Priorities in Organization of Government Support for Entrepreneurship in Ukraine

Immediate measures to implement the fundamentals of national economic policy will lie at the basis of the set of statewide, sectorial, and regional priorities in entrepreneurial activity.

1.1. The basic areas of entrepreneurial activity with priority status will be the following:

the production, shipment, processing, storage, and sale of agricultural products and the support of farmers;

the production and sale of construction materials and the promotion of private residential construction;

the manufacture of certain consumer goods and the performance of services for the population;

the development of commercial innovation.

1.2. The list of priority areas of entrepreneurship may be more specific and more detailed in line with territorial distinctions.

The analytical information used in the determination of the areas in different regions might consist of the following:

calculations of minimum consumer requirements in terms of cost and physical substance and estimates of the region's ability to cover its own needs with its own production and cooperative operations;

an analysis of the raw material base and of material and technical potential with a view to the projected economic operations of new and developing enterprises;

quantitative and qualitative descriptions of the professional training of personnel;

the state of the market infrastructure;

an analysis of financial capabilities;

an analysis of natural-resource potential, the state of the environment, and the resource users' need for new environmentally safe technology and resource-saving equipment;

forecasts of the possible social consequences of the implementation of business programs.

The statewide, sectorial, and regional priorities for the organization of government support for entrepreneurship must be defined annually and approved by the appropriate central agencies of the executive branch of government and agencies of local and regional self-government.

1.3. An emphasis on the privatization of the following will be an important condition for the attainment of these priority objectives:

small state enterprises, the property of liquidated enterprises, and incomplete construction projects, defined in accordance with the financial regulations of national economic recovery;

state enterprises serving the public in the service sector, retail trade, the food service industry, the supply network, agriculture, the processing, light, and woodworking industries, the network of commercial finance and credit establishments, housing and non-production construction, transportation and communications.

The sequence of privatization will be defined by the State Program for the Privatization of the Property of State Enterprises and the laws of Ukraine.

2. Establishment of Legal Base for Effective Development of Entrepreneurship

The establishment of a legal base for the effective development of entrepreneurship should begin with the passage of Ukrainian laws stipulating the legal guarantees of free enterprise and the protection of entrepreneurial activity.

2.1. The constitutional affirmation of the inalienable right of private ownership to guarantee the independence and autonomy of the economic activity of citizens and enterprises and the protection and inviolability of property.

2.2. The drafting of laws in conjunction with business associations and unions for the legal reinforcement of the market economy and the amendment of existing laws.

2.3. The limitation of government intervention in the entrepreneurial activities of legal entities and physical persons.

2.4. The creation of a mechanism for the implementation of approved legal instruments through the system of executive and judicial agencies, as well as non-governmental organizations expressing the interests of entrepreneurs, and oversight of the execution of official government instruments. The delineation of the powers of agencies of the executive branch of government and the spheres of their activity, particularly in the creation of the necessary conditions for the development of entrepreneurship.

2.5. The creation of an effective system to monitor the financial and economic operations of entrepreneurial structures within the framework of existing laws (tax inspectors, leasing commissions, financial oversight agencies, etc.).

2.6. The reinforcement of economic crime-fighting offices in law enforcement agencies, the recruitment of qualified personnel for these offices, and the elaboration and implementation of social programs for the training of personnel, the provision of personnel with technical equipment, social security, and the promotion of the development of non-governmental services in fields of activity allowed by law (auditing and monitoring, freight security, etc.).

2.7. The establishment of the appropriate criminal penalties and property liability for actions causing business losses: theft, extortion (the protection racket), and coercion to force decisions against enterprise interests and the inclusion of individuals not participating in entrepreneur activity on employment rolls.

2.8. The review of existing legislation for the purpose of eliminating restrictions on business transactions. The first phase will entail the ascertainment of the legal instruments not conflicting with the development of private initiative and enterprise. The second will entail the rescission of all existing legal instruments impeding the development of private initiative and enterprise, including sections of the criminal code.

3. Establishment of Material Conditions for Development of Small Business

The structure of industrial production in our country took shape primarily in response to the needs of large state enterprises. The development of small business and the private sector of the economy is being inhibited to a considerable extent by the acute shortage of virtually all of the necessary means of production. In this context, plans call for the following:

3.1. The establishment of systems for the provision of small enterprises and individual entrepreneurs with the necessary means of production (crude resources, materials, and equipment), including the apportionment of the necessary resources and equipment on the basis of the direct orders of state and communal enterprises. The offer of benefits to enterprises producing equipment, resource-saving systems, environmentally safe products, materials, and reagents, monitoring systems, crude resources, materials, and spare parts for small enterprises and individual producers, with the involvement of enterprises of the defense complex in this work.

The organization of a wholesale and retail trade network for small business and businessmen.

3.2. The production of small-scale modular equipment for small enterprises and individual producers, envisaging the following:

complete technological processes;

comprehensive supply services;

efficient installation, adjustment, and maintenance;

adaptable designs and layouts;

ease of operation, repair, and maintenance;

low cost;

availability of all standard components.

3.3. More extensive equipment manufacture for the business sphere:

guaranteed state orders securing the production of material-technical resources;

the establishment of new capacities for the production of equipment by centrally funded state enterprises, followed by their privatization;

measures to split existing enterprises into smaller units and convert their subdivisions into autonomous enterprises, with their subsequent respecialization for the manufacture of business equipment, followed by their privatization.

3.4. The provision of entrepreneurs with opportunities for the efficient use of existing production capacities and office space;

the registration of unfinished construction projects, nonresidential buildings, and uninstalled equipment and their sale to entrepreneurs, primarily private individuals, on the basis of competitive bids;

the use of the property of public organizations on contracts;

the use of military facilities made available by the redeployment of military units.

3.5. The restructuring of the system of state orders and the participation of small businesses in it, particularly on the basis of competitive bids or as subcontractors.

3.6. Special allocations of material resources for farming (agricultural) enterprises.

4. Creation of Elements of Market Infrastructure To Serve Entrepreneurial Activity

The market infrastructure for entrepreneurship will envisage the creation of a capital, labor, capital goods, land, and securities market, the establishment of a credit and financing system, commercial exchange, transportation, communications, data processing, a service sphere, and other necessary elements.

Priority will be assigned to the development of the following areas of the market infrastructure:

4.1. The organization of commercial, specialized environmental exchanges, the development of trade fairs, joint-stock companies, and other forms of commercial mediating activity, and denationalized and privatized supply and sales enterprises and organizations. More widespread leasing and rental services.

4.2. The establishment of a developed network of institutions for the financing, crediting, and insurance of entrepreneurial activity by means of the considerable enlargement of the non-governmental sector in the banking and credit system, the free movement of capital through banks, investment and holding companies, and stock exchanges, and the guarantee of the free access of entrepreneurs to financial resources.

4.3. The promotion of the establishment of regional, sectorial, and other investment companies and innovation and venture commercial funds.

4.4. The elaboration and implementation of a republic program for the establishment of capacities and organization of the production of equipment and other capital goods for small enterprises, primarily those engaged in the processing of agricultural products and the manufacture of consumer goods. The construction of modular plants for the creation of a broad network of private and family enterprises in priority spheres, which may be offered for sale on lease-purchase plans, transferred on long-term leases, or purchased with credit and loans from banks and specialized funds.

4.5. The development of a system for the provision of businessmen with information, including the following:

current information about changes in legislation;

information about the existence and circulation of commodity stocks and supplies, the state of the securities market, price levels, stock quotes, foreign currency exchange rates, and the activities of financial institutions;

information about participants in economic operations.

4.6. The establishment of regional equipment pools and equipment rental centers for the quicker development of commercial innovation.

4.7. The organization of small business "incubation centers" in the main university and VUZ regions, with the status of non-profit organizations, the offer of various services to small enterprises, and the promotion of their integration with leading scientific establishments.

4.8. The development of a system of economic management services, to be performed by specialized firms in the areas of marketing, management consulting, work with personnel, auditing, advertising, monitoring, foreign economic operations, etc.

4.9. The creation of a commercial patent exchange to generate hard currency receipts. Government financing of the initial operations of the exchange.

4.10. The negotiation of contracts on the sale of patents and of licenses for inventions patented in Ukraine and abroad.

5. Manager and Specialist Training System for Entrepreneurial Activity

The development of a new commercial mentality in Ukraine is the strategic goal of the national system for the training of managers and specialists for entrepreneurial activity.

To this end, a group of measures must be planned and instituted, including the following:

5.1. The training of specialists for entrepreneurial activity: through alternative (non-state) training courses in the system of state education, including pre-school, general, secondary, vocational, and higher education and post-graduate training; through training and apprenticeship programs abroad.

5.2. The study of the need for specialists in various fields, the reorganization of academic institutions for an emphasis on these fields, the creation of favorable conditions for the development of alternative academic institutions with intensive courses in economic management, and the choice of the basic academic institutions

to serve as academic procedural centers for different subjects, with a view to regional needs.

5.3. Advanced training for the teachers and instructors of academic institutions and the creation of favorable conditions for the involvement of qualified scholars and specialists in academic procedural work.

5.4. The establishment of the state system of economic and legal education and the promotion of economic knowledge.

5.5. The elaboration and approval of a set of curricula and programs for the training of entrepreneurs, differentiated according to the level of basic training, course length, and sectorial specialization, including programs for academic institutions.

5.6. The preparation of complete sets of teaching and procedural aids and the translation and approval of foreign teaching materials.

5.7. The establishment of commercial contacts with foreign partners, including international organizations, government agencies, and academic institutions.

6. Establishment of Systems for Financing, Crediting, and Insurance of Entrepreneurial Activity

The creation of equitable conditions for entrepreneurial activity will entail the establishment of special systems for the financing, crediting, and insurance of entrepreneurship to secure equal access to financial resources (including budget funds and sources of commercial financing and credit).

6.1. The sources of funds for entrepreneurial activity may include the following:

budget allocations for the financing of business support programs and state investment projects involving entrepreneurial structures;

the resources of the Ukrainian National Fund for the Support of Entrepreneurship and the Development of Competition and other state and regional funds, including the State Innovation Fund, as well as extrabudgetary financing institutions;

the assets of state and commercial banks;

the personal resources of enterprises and organizations in the state and private sectors of the economy;

the personal resources of citizens, including funds in checking and savings accounts;

part of the proceeds from denationalization and privatization;

foreign investments.

6.2. Access to these sources of financing for entrepreneurial activity will be conditional upon the following:

the existence of legally secured privileges, differentiated according to the specific field of activity;

the determination of the amount of tax credit for agricultural (farming) enterprises, with a view to the dimensions of holdings, their quality and productivity, and the amount of productive assets;

the establishment of lower taxes on enterprise profits deposited in business support funds and used to carry out state programs;

government subsidies and partial tax exemptions for banks crediting the entrepreneurial activity of citizens and commercial innovations;

the guarantee of commercial bank credit by government agencies and business support funds;

the development of a commercial risk insurance network, including government participation, and the use of property guarantees for this purpose;

the development of economic mechanisms to stimulate the investment of the personal funds of citizens in entrepreneurial activity, including different tax rates on personal income, depending on its use, and the exemption of dividends on securities held by citizens from taxation;

the determination of tax rates on the basis of profits (or income) and sales volume, with a view to the size of the personnel staff;

the guarantee of control and responsibility for the extension and repayment of credit and the institution of the principle of "capital adequacy";

the introduction of a system of accelerated depreciation for enterprises engaged in commercial innovation;

the exclusion of the possibility of bank manipulations of loan capital to cover the losses of state enterprises;

the development of measures for the coverage of contingent liabilities on the balance sheets of enterprises and banks;

the reform of the financial market and the privatization of enterprises in accordance with the official set of priorities;

the commercialization of banks for the purpose of establishing a capital market and improving monetary policy;

the exclusion of the remainder of expired loans from bank security portfolios and the disclosure of bankruptcies;

the regulation of credit volumes and the institution of wage controls at state enterprises;

the standardization of the balance sheets of enterprises and the improvement of bank records and reports;

the development of measures against the refinancing of bank loans;

the elimination of structural disparities in banking establishments;

the liberalization of prices to determine their market level;

the exercise of financial oversight of emerging unofficial credit markets;

the reorganization of existing banks according to the double-level principle.

7. Development of System for Support of Foreign Enterprises and Joint Ventures

The establishment of a system for the promotion of foreign entrepreneurship and joint ventures will be one of the main objectives of the transition period. The absence of this kind of system and of effective control of foreign investments is impeding the investment of foreign capital in Ukraine. The attainment of this objective will necessitate the following:

7.1. The development of measures to promote foreign economic activity by entrepreneurial structures, envisaging the following:

the elimination of the monopoly in state trade, with the exception of exports and imports of strategic goods and materials, precious metals, and other state assets;

the establishment of centers for information and mediation in foreign economic operations;

the institution of tax privileges for small enterprises earning profits in foreign currency on the condition of their fulfillment of state and regional programs for the development of entrepreneurship;

the elimination or considerable reduction of taxes on foreign-currency profits on exports of the enterprise's own products;

the offer of state guarantees to small enterprises for foreign commercial bank credit, including operations mediated by state and commercial bank structures;

the insurance of the commercial risks of small enterprises in export-import operations;

the institution of a system of privileges for small enterprises obtaining freely convertible currency from the state budget, and state guarantees on part (50-70 percent) of bank credits;

the introduction of duty-free imports of high-technology equipment for the development of export production and other customs privileges; the thorough consideration of the preferences, interests, and capabilities of entrepreneurial structures in the conclusion and implementation of non-governmental contracts.

7.2. The encouragement of foreign investors to participate in the development of entrepreneurial activity:

the publication of reference and advertising materials on small enterprises and their distribution abroad;

the guarantee of the right of participation by foreign investors and by enterprises with foreign investments in currency auctions and currency exchange operations;

the authorization of foreign enterprises to open accounts in certain banks and to reconvert unused surplus funds.

7.3. A system of measures for the development of commercial leasing operations:

the determination of the procedure for the payment of lease fees on products manufactured with leased equipment;

preferential guarantees on loans to finance leasing operations;

the granting of priority access to licenses for the export or import of goods delivered in repayment of contract obligations for enterprises receiving or supplying equipment on compensatory leasing terms;

exemptions from import and export taxes and duties for the entire period of the lease contract, and in the event of the transfer of ownership rights to other parties—the collection of taxes and duties on the residual value of the property;

the institution of preferential taxes on enterprise exports to cover compensatory lease contract obligations;

the organization of imports of technology, equipment, and components and their sale or lease.

7.4. The creation of free enterprise zones with privileges for foreign investors and enterprises with foreign investments.

8. Informational and Scientific-Procedure Support of Entrepreneurship

The restructuring of the market economy will require the comprehensive use of the potential of entrepreneurial activity, the establishment of new informational structures, and the widespread incorporation of scientific technology in production.

The prerequisites for this will be the following:

8.1. The establishment of a national information center, envisaging the following:

the expansion of the existing informational network by adding new centers for the exchange of current information in sectors of the Ukrainian national economy;

the establishment of a Ukrainian Information Union with the status of a public organization and an interregional information campaign;

the determination of informational needs in different areas of entrepreneurial activity and the development of a system for their analysis;

the establishment of computerized information resources to meet the needs of enterprises with a view to the efficient distribution of primary information and the development of the network;

the establishment of a computerized marketing system for entrepreneurs, based on comprehensive analysis, and the determination of the information requirements of marketing strategy and the simulation of economic processes;

the planning and development of an informational system to monitor the foreign experience in entrepreneurship as part of the national informational system.

8.2. The development and testing of informational technology giving entrepreneurs access to interactive-mode databases and the development of interactive services of various types:

the establishment of a Ukrainian information exchange with brokerages in different parts of Ukraine and with the institution of information brokers to serve private enterprises and small businesses;

the institution of informational assessments of major scientific and technical developments and projects and the guidelines of the comparative analysis of their suitability for entrepreneurial activity;

the development of a computerized system for the registration of Ukrainian entrepreneurs as part of the statewide network of computer centers;

the institution of computerized records of the unemployed population for use in entrepreneurial activity;

the establishment of a computer data bank on different areas of entrepreneurship and a database on the legal regulations of entrepreneurship;

the establishment of a special collection of scientific and technical literature and documents on business topics.

8.3. The informational support of entrepreneurship:

the creation of agencies offering businessmen informational and consulting services;

the use of the news media to publicize entrepreneurship and the development of special public information programs for different population groups (primarily youth, skilled workers, and engineering and technical associates, as the most likely to support entrepreneurs);

assistance in the establishment and government support of publications expressing the interests of business groups and addressing the interests and needs of small business;

the development of a social monitoring system for the analysis, assessment, and generalization of the social and economic information needed for the implementation of this program.

8.4. The scientific-procedural support of entrepreneurship will consist of the following:

the determination of priorities in natural-science and social research and the mastery of new technology and production processes;

the development of a group of measures for the use of the scientific, technical, and production potential of defense branches;

the organization of independent technical-economic and environmental appraisals when decisions have to be made on major problems;

the establishment of equipment pools in industrial centers for the incorporation and mastery of the production of new and competitive high-technology items;

the development of intergovernmental scientific-technical and economic ties;

the attraction of foreign venture capital and the encouragement of broader export-import innovation;

the development of procedures for the compilation of sectorial and regional business support programs and official instruments on competitive bidding for state orders;

the preparation and distribution of procedural recommendations and standard documents pertaining to the establishment and registration of enterprises of various legal-organizational forms, the organization of labor and wages, the keeping of records and reports, the calculation of taxes, and the solicitation of credit.

9. Organizational Reinforcement of State Program for Development of Entrepreneurship

The organizational foundation of entrepreneurship will include the following:

the drafting of legislative instruments for the regulation of relations between government agencies and private enterprises and entrepreneurs in the spheres of taxation, crediting, the issuance of guarantees, and the oversight of enterprise operations;

the preparation of reports on the main legal instruments regulating entrepreneurial activity;

the offer of organizational assistance to business associations (or unions) and the creation of the necessary conditions for their consolidation; the inclusion of representatives of business unions and associations among the members of ministerial boards and committees and the establishment of boards of experts in the central agencies of the executive branch of government and agencies of local and regional self-government.

The program will be secured by an effective mechanism of sequential realization.

The first phase will be covered by the Comprehensive Plan for the Implementation of the State Program for the Development of Entrepreneurship in Ukraine in 1992, which is to be carried out by ministries and departments, the public associations of entrepreneurs, and structural subdivisions of state administrations in the oblasts. The coordination of the work on the program will be the responsibility of the State Committee of Ukraine for the Promotion of Small Business and Entrepreneurship. Future plans call for projections for the next two or three years, the annual calculation of the combined assets of entrepreneurs, and a national congress to be held once every three years and to be attended by the president of Ukraine.

The financial reinforcement of the program will include the allocation of funds for the necessary scientific research and the elaboration of certain government programs and projects. The procedural and organizational support of the program will be covered by the resources of state and local budgets, the Ukrainian National Fund for the Support of Entrepreneurship and the Development of Competition, the corresponding regional and sectorial funds, and commercial credit. State allocations for some projects will be issued in foreign currency.

The program should stimulate the further development of entrepreneurship, which will play a significant role in the economy of independent Ukraine.

Team of Authors of Draft

V.T. Lanovoy, Ukrainian vice premier and minister of economy

N.Ya. Sidorenko, chairman of State Committee of Ukraine for the Promotion of Small Business and Entrepreneurship

V.I. Marinin, deputy chairman of State Committee of Ukraine for the Promotion of Small Business and Entrepreneurship

V.I. Terekhov, chief of Main Administration for Financial and Legal Services of State Committee of Ukraine for the Promotion of Small Business and Entrepreneurship and candidate of economic sciences

A.S. Badzim, chief of Administration for Expert Appraisals, Anti-Monopoly Regulation, and Coordination of Business Undertakings, and candidate of economic sciences

L.V. Minin, Ukrainian first deputy minister of economy

Yu.N. Pakhomov, director of Sociology Institute of Ukrainian Academy of Sciences and academician of Ukrainian Academy of Sciences

B.I. Ginzburg, head of Scientific and Technical Forecasting and Technical-Economic Research Division of Superhard Materials Institute of Ukrainian Academy of Sciences and doctor of economic sciences

Ye.G. Panchenko, director of Academic Center of International Management Institute, doctor of economic sciences, and professor

S.V. Kozachenko, director of Innovation Management Center of International Management Institute, doctor of economic sciences, and professor

N.N. Yermoshenko, director of UkrINTYeI [expansion not given], doctor of economic sciences, and professor

S.I. Sokolenko, general director of Ukrimpeks, a self-supporting foreign economic association

N.I. Sivulskiy, first deputy administrator of Ukrainian National Bank, doctor of economic sciences, and professor

N.N. Detochka, president of Kiev General Commercial Exchange

L.T. Verkhovoda, acting department head at Economics Institute of Ukrainian Academy of Sciences and candidate of economic sciences

L.A. Tantsyura, senior scientific associate at Government and Law Institute of Ukrainian Academy of Sciences and candidate of economic sciences

Please address your responses to the published business materials and your own suggestions and comments on the published draft program to:
G.A. Yegorov, Kiev DELOVOY MIR Agency, Box 12, Kiev-11, 252011.

Law on State Internal Debt

Text of Law

935D0025A Kiev HOLOS UKRAYINY in Ukrainian 2 Oct 92 p 3

[Ukrainian Law "On Ukraine's State Internal Debt"]

[Text]

Article 1. Concept of the Ukrainian State Internal Debt

The Ukrainian state internal debt is a debt obligation for a fixed period of time which is binding upon the Government of Ukraine and which is in a monetary form.

The state internal debt shall be guaranteed by all the goods, chattel, and wealth and shall remain binding on all citizens and their property.

Article 2. Composition of the Ukrainian State Internal Debt

The composition of the Ukrainian state internal debt shall include loans made to the Government of Ukraine

and money borrowed with absolute guarantees by the Government for securing and ensuring the financing of statewide programs.

The Ukrainian internal debt shall also include the indebtedness from past years and the indebtedness which newly arises with regard to the debt obligations of the Government of Ukraine.

Article 3. Debt Obligations of the Government of Ukraine

The debt obligations of the Government of Ukraine shall likewise include the securities issued by it, as well as other obligations in monetary form, which shall be guaranteed by the Government of Ukraine, and credits obtained by it.

The composition of the Government of Ukraine's debt obligations shall also include that portion of the debt obligations of the Government of the former USSR which Ukraine assumed.

Article 4. Types and Forms of the Ukrainian State Internal Debt

The Government of Ukraine's debt obligations can have short terms—up to one year, medium-terms—from one to five years, and long-terms—five and more years.

The Government of Ukraine's debt obligations shall take the form of bonds on internal state loans and Ukrainian treasury bonds.

In certain specific cases there can also be other forms of government debt obligations. The nature and the terms of such obligations shall be designated and specified in each specific case by the Government of Ukraine with the agreement of the National Bank of Ukraine.

Article 5. Terms and Procedures for Issuing State Securities and Regulations on Their Circulation

The terms and procedures for issuing state securities and the regulations on their circulation shall be designated and specified in accordance with the Ukrainian Law "On Securities and the Stock Exchange, Including the Money Market."

Article 6. Administration of the Ukrainian State Internal Debt.

The administration of the Ukrainian state internal debt shall be carried out by the Ukrainian Ministry of Finance in accordance with a procedure coordinated with and agreed to by the National Bank of Ukraine.

The distribution of the Government of Ukraine's debt obligations and the granting of guarantees in the name of the Government of Ukraine shall be guided and directed—at its behest—by the Ukrainian Ministry of Finance to persons commissioned to perform this task.

The boundary limits on the size of the Ukrainian state internal debt, its structure, sources, and terms for amortization shall be established by the Ukrainian Supreme Council [Rada] at the same time that the Ukrainian State Budget is approved for the coming year.

Article 7. Servicing the Ukrainian State Internal Debt

Servicing the Ukrainian state internal debt shall be carried out by the Ukrainian Ministry of Finance via conducting operations with regard to distributing bonds of the internal state loans and other securities, their amortization, and paying out money earned on them in the form of interest and other forms.

Article 8. Fund for Servicing the Ukrainian State Internal Debt

In order to finance the expenses and outlays with regard to distributing, refinancing, paying out money earned, and amortizing the Government of Ukraine's debt obligations, a fund for servicing the Ukrainian state internal debt shall be created within the makeup of the State Budget. Fifty percent of the costs of this fund shall be borne by assets obtained from privatizing the property formerly owned by state enterprises.

Article 9. Publication of Data Concerning the Ukrainian State Internal Debt

The Ukrainian Ministry of Finance shall publish an annual report—acessible for all to see—concerning the status of the Ukrainian state internal debt.

[Signed] L. Kravchuk, president of Ukraine
Kiev, 16 September 1992

Decree on Implementation

935D0025B Kiev HOLOS UKRAYINY in Ukrainian 2 Oct 92 p 3

[Decree Issued by the Ukrainian Supreme Council [Rada]: "On Implementing the Ukrainian Law: 'On Ukraine's State Internal Debt'"]

[Text] The Ukrainian Supreme Council [Rada] hereby **decrees** the following:

1. The Ukrainian Law "On Ukraine's State Internal Debt" shall be implemented and take effect on 1 September 1992.

2. The boundary limit on the size of the state internal debt for 1992 shall be set at 1 trillion karbonvantsy.

3. Within a month's time, the Ukrainian Cabinet of Ministers—together with the National Bank of Ukraine—shall take the following steps:

formulate the real debt obligations of the Government of Ukraine owed to the National Bank of Ukraine and specify the size of the payments to be made on them;

work out and introduce a mechanism for the treasury servicing of the state budget and a mechanism for servicing the state internal debt.

4. Within a month's time the Ukrainian Cabinet of Ministers shall take the following steps:

work out a mechanism and terms of indexing the monetary deposits and securities of the Ukrainian citizens;

inform the Ukrainian Supreme Council about the apportionment and distribution of the assets and liabilities of the former USSR and about the reasons for the growth of Ukraine's State Budget.

[Signed] I. Plyushch, head, Ukrainian Supreme Council
Kiev, 16 September 1992

Law on Remuneration for Labor

925D0723A Kiev URYADOVYY KURYER in Ukrainian 14 Aug 92 pp 10-11

["Ukraine Law on Labor Remuneration"]

[Text] **This law provides, for the period of stabilization and transition to a market economy, organizational, economic, and legal foundations for the remuneration of labor of hired employees at enterprises, in organizations and institutions (further on—enterprises) and is aimed at ensuring that equal pay for labor is dependent on the results of labor and at deterring inflation.**

The law distinguishes the spheres of state and contract regulation of labor remuneration, establishes differentiation in labor remuneration according to the type of production, job, and work in various sectors on the basis of the mechanism for regulating the minimum wage.

This law covers all enterprises located on the territory on Ukraine that employ hired labor, regardless of their departmental affiliation and form of ownership.

PART I. GENERAL PROVISIONS

Article 1. Labor Remuneration

1. A hired employee's labor remuneration is based on the results of the labor he expends, the amount and kind of such labor, while taking into account the results of the economic activity of the enterprise.

2. It is prohibited to reduce the labor remuneration in any manner on the basis of sex, age, race, nationality, social status or property qualifications, affiliation with public organizations and political parties, or religious beliefs.

Article 2. Base Pay and Supplemental Pay

1. Labor remuneration consists of base pay and supplementary pay.

2. Employees' base pay depends on the results of their labor and is determined by pay scale rates, piece rates, and worker bonuses envisaged by the systems of their labor remuneration, position salaries, as well as supplemental pay and allowances in the amounts established by the legislation currently in effect, and by general and sectoral pay scale agreements.

Base pay is included in the product (job, service) cost.

The list of expenditures on base pay included in the cost of the product (job, service) is established by the Cabinet of Ministers of Ukraine.

3. Supplemental pay includes bonuses (with the exception of those provided for in point 2 of this article), rewards, and other incentive and benefit payments established by a collective agreement.

Supplemental pay is determined by the economic activity of the enterprise and is paid out of its proprietary means (profits).

Article 3. Sources of Labor Remuneration

The source of means for labor remuneration of all self-financing and commercial enterprises is the portion of their income earned as a result of their economic activity, and for budget organizations and institutions—the means allocated to them in appropriate budgets, as well as the portion of their income earned as a result of their economic activities and other sources.

Industrial enterprises are not permitted to increase the portion of income earmarked for labor remuneration while they are in the stage of declining volume of production—either in physical volume or in comparable prices, with the exception of state-mandated increases in minimum wage.

Article 4. Legislation on Labor Remuneration

Legislation on labor remuneration consists of this law, the Ukraine Code of Labor Laws, and Ukraine's other legislative acts.

The particulars for applying this law to individual enterprises or individual categories of employees are established by the Ukraine Cabinet of Ministers.

PART II. STATE REGULATIONS OF LABOR REMUNERATION

Article 5. Sphere of State Regulation of Labor Remuneration

The state effectuates regulation of labor remuneration by setting minimum wages and other state guarantees in labor remuneration, intersectoral correlation in labor remuneration by stipulating an increase in the portion of enterprise income earmarked for labor remuneration (point 2 of Article 3), the size of labor remuneration in budget organizations and institutions, maximum labor remuneration for managers of publicly-owned enterprises, and also through taxation.

Article 6. Minimum Pay

1. Minimum pay is the level of pay, established by the state, below which a hired employee cannot be paid for actually performing the monthly (daily) quota of work.

2. The state-established social guarantee of ensuring minimum pay for hired employees is mandatory on the entire territory of the Ukraine.

3. The minimum pay established by the state is adjusted by taking into account:

a) the needs of workers and their families, the average level of pay in the region, the cost of living, and social benefits;

b) requirements of economic development and the level of productivity.

4. Bonuses, supplemental pay, and incentive and compensatory payments are not counted as part of minimum pay.

5. Minimum pay established by the state is based on intersectoral and professional qualifications pay differentiation.

Article 7. State Guarantees in Labor Remuneration

1. Norms of labor remuneration established by Ukraine's legislative acts: for overtime work; work during holidays, nonworking days, and days off; nighttime; time the worker is idle for reason beyond his control; transfer of the worker to a different permanent less-paying job; in the event of producing defective output when such a defect is not the fault of the worker; as well as the norms of labor remuneration for workers under 18 working a shortened work day—are subject to minimum state guarantees, the actual value of which may be increased through negotiation on a sectoral or enterprise level.

2. Guarantees for the workers: during the time of carrying out state duties; those undergoing training that would raise their professional level or those undergoing in-patient medical tests in a health-care institution; those transferred for health reasons into a less strenuous but less-paying job; pregnant women; mothers with children under age of three transferred to less strenuous jobs; under various forms of job-related training, retraining, or training in different profession; donors—as well as guarantees and compensations paid in connection with moving to a job in a different locale and during extended job-related trips are established by legislative acts.

Article 8. Correlation of Average Pay Between Sectors by Their Main Activity

Correlation of average pay between sectors by their main activity is determined by Ukraine's Council of Ministers.

Article 9. Maximum Labor Remuneration for Enterprise Managers

Maximum labor remuneration for managers of state enterprises is established by Ukraine's Council of Ministers, taking into account intersectoral differentiation in labor remuneration.

Article 10. Labor Remuneration for Persons Holding Several Jobs

1. Employees holding several jobs receive labor remuneration for the work actually performed.

2. Conditions for holding several jobs and the appropriate pay are defined by Ukraine's Council of Ministers.

Article 11. State Regulation of Labor Remuneration in Budget-Financed Organizations and Institutions

Conditions and level of pay for managers and specialists in the organizations and institutions in health care, education, science, culture, and other sectors and types of activities financed fully or partially out of the budget, as well the pay of civil servants are established by legislative acts.

Article 12. Average Pay

1. Average pay is the amount of the employee's pay determined during a certain period of time.

The procedures for determining average pay are established by Ukraine's Council of Ministers.

2. The state provides quarterly compilation and publication of statistical data on the average pay and average duration of workday by industry sectors, groups of professions and positions, as well as annual compilation and publication of data on labor costs.

Article 13. Taxes on Labor Remuneration

1. Employees' labor remuneration is subject to income tax.

2. Minimum pay established by the state for hired employees is not subject to tax.

PART III. CONTRACT REGULATION OF LABOR REMUNERATION

Article 14. System of Regulation of Labor Remuneration of Employees of Self-Financing and Commercial Enterprises

1. Regulation of labor remuneration of hired employees of self-financing and commercial enterprises is accomplished on the basis of the system of pay scale agreements, which are in effect at the following levels:

national—the General Pay Scale Agreement;
sectoral—a sectoral pay scale agreement;
enterprise—a pay scale agreement that is a part of a collective labor contract.

2. A pay scale agreement is an agreement on the matters of labor remuneration and social guarantees, concluded

by the representatives of hired employees and the owners with the participation of organs of state executive power.

3. Pay scale agreements adopted in accordance with this law have the force of intersectoral, sectoral, and local normative acts in that they regulate labor relations and are binding both upon the parties signing it and for the organs carrying out legal oversight activities, including those resolving collective and individual labor disputes.

4. Pay scale agreements are concluded sequentially, starting with the General Agreement. The norms of the General Pay Scale Agreement are mandatory for the lower level of collective negotiations.

5. The date for conducting collective negotiations and the signing of a pay scale contract is designated by the Ukraine's Council of Ministers in coordination with trade unions.

Article 15. Parties to Pay Scale Agreements

1. The General Pay Scale Agreement is concluded between the associations of Ukrainian trade unions representing the majority of unionized hired employees, employer associations, and Ukraine's Council of Ministers.

2. A sectoral pay scale agreement is concluded between sectoral trade unions and their associations, and employers' associations or other representatives of owners, with the participation of organs of state executive power, on the basis of current legislation and the norms established in the General Pay Scale Agreement.

Sectoral trade unions and their associations may conclude sectoral pay scale agreements if they are appropriately authorized to do so in writing, which allows them to apply the norms of such agreements to the process of negotiating collective agreements at most of the sector's enterprises.

3. An enterprise's pay scale agreement is a part of a collective agreement, which is concluded at the enterprise in accordance with established procedures.

Article 16. Subject of the General Pay Scale Agreement

The subject of the General Pay Scale Agreement is:

differentiation of minimum pay by the type of production, job, and work in industrial sectors depending on the complexity of labor, but not lower than the minimum pay established by the state;

establishment, for the entire territory of Ukraine, of a universal minimum rate of compensatory allowances for working in unfavorable, hazardous, and dangerous occupations differentiated by occupation type and category;

establishment of universal rate provisions for workers and office workers in common (cross-sectoral) professions and occupations;

provisions for increasing the portion of enterprise income earmarked for labor remuneration in proportion to the increase in the volume of production or services, productivity increases, and decreasing product cost.

Other matters related to labor remuneration and social guarantees of the workers also may be a subject of the agreement if the parties to the negotiations consider it necessary to include them in the General Pay Scale Agreement.

Article 17. Subject of a Sectoral Pay Scale Agreement

The subject of a sectoral pay scale agreement is:

establishment, for the entire sector (subsector), of a universal pay rate table and pay scale ratios of minimum position salaries by groups of management positions, specialists, and office workers as well as an entire sector (subsector) pay scale table and pay scale ratios for all categories of workers;

establishment, for all categories of the sector's (subsector's) workers, of a universal minimum supplemental pay and allowances (except those listed in Article 7) which take into account the specifics of work in each profession and in each group of managerial staff, specialists, and office workers in the sector (subsector).

Other matters related to labor remuneration and social guarantees of the workers also may be a subject of the agreement if the parties to the negotiations consider it necessary to include them in the sectoral pay scale agreement as long as they do not contradict the law and the norms of the General Pay Scale Agreement.

Article 18. Subject of the Enterprise Pay Scale Agreement as a Component Part of a Collective Agreement

The subject of enterprise pay scale agreement as a component part of a collective agreement is:

forms and systems of labor remuneration as applied to different categories and types of production;

minimum pay, differentiated by the categories and types of work and established on the basis of financial ability of the enterprise, but not lower than the minimum pay established for workers of similar categories and type of production in the sector (subsector);

pay rates and position salaries by the class of work and positions of workers;

the types of supplemental pay, allowances, bonuses, and other incentive and compensatory pay;

the level of labor remuneration for working overtime; work during holidays, nonworking days, or days off; nighttime; time the worker is idle for reason beyond his control; transfer of the worker to a different permanent less-paying job; in the event of producing defective output when such a defect is not the fault of the worker; and others.

Other matters related to labor remuneration and social guarantees of the workers also may be a subject of the agreement if the parties to the negotiations consider it necessary to include them in the sectoral pay scale agreement as long as they do not contradict the law and the norms of the General and sectoral pay scale agreements.

Article 19. Contract Labor Remuneration

Contract labor remuneration is determined by agreement of the parties and is tied to the terms of the contract; on state-owned enterprises it must comply with the provisions of Article 9 of this law.

Article 20. Registration of Sectoral Pay Scale Agreements

1. Sectoral pay scales, as well as additions and changes to it, become effective after they are registered with the Ukraine Ministry of Labor.

2. After the registration, sectoral pay scales are published in the official organ of the Ukraine Ministry of Labor and are made available by the parties to the agreement to the sector enterprises and trade union organs.

Article 21. Legal Conditions To Be Met in Concluding and Putting Into Effect Pay Scales

1. At all levels of collective negotiations each side appoints an equal number of representatives or representatives of each side have an equal number of votes.

2. Each party to the pay scale agreement has the right to bring to the collective negotiations table its own version of the proposals and questions falling under the subject of a pay scale agreement.

3. The norms of the general and sectoral pay scale agreements are directly in effect and are binding for all parties to an agreement that falls within the boundaries of action of these pay scale conditions.

4. After a pay scale agreement expires its norms remain in effect until a new pay scale agreement is signed.

5. The parties conducting negotiations settle on their own the differences arising between them in the course of negotiating the pay scale agreement, as well as differences related to interpretation and application of the norms of the pay scale agreements.

Arguments and conflicts not resolved by the parties are settled in accordance with the Ukraine law "On Procedures for Resolving Collective Labor Disputes (Conflicts)."

6. The norms of pay scale agreements cannot change for the worse the situation of workers in terms of labor remuneration, guarantees, and compensation as compared with the legislation currently in effect.

The norms of pay scale agreements that change for the worse the situation of workers in terms of labor remuneration, guarantees, and compensation as compared with the legislation currently in effect are considered invalid.

7. At enterprises, the norms and the terms of labor remuneration that permit a level of labor remuneration lower than the norms stipulated in general and sectoral pay scales may be provided for in the collective agreement only in the event the enterprise's financial difficulties are of temporary nature, and only for the period needed to overcome them, but not longer than six months.

Article 22. Guarantees for Upholding Enterprises' Rights

The organs of state executive power, concerns, associations, and corporations regardless of the form of ownership, associations of enterprises, and trade unions do not have a right to make decisions in the matters related to labor remuneration that fall under regulation by agreement outside the framework of the pay scale agreement.

PART IV. BASIC ORGANIZATION OF LABOR REMUNERATION

Article 23. Pay Scale System of Labor Remuneration

1. The pay scale system of labor remuneration is a combination of interrelated elements: the pay scale table, pay scale rates, and the formula of position salaries and pay scale qualifications characteristics.

The pay scale system serves the purpose of assigning the work and the workers to an appropriate level in the pay scale table on the basis of their qualifications and is the basis for determining and regulating the pay scale-based labor remuneration.

2. In the labor agreement (contract) between the owner or the organ authorized by him and the hired employee, the amount of labor remuneration for a specified volume of work, provided it is of acceptable quality and is fully completed on time, may be arrived at on a nonpay scale basis.

Article 24. Forms of Labor Remuneration

1. The forms of labor remuneration of workers working within the pay scale system may be piece-rate or hourly rate, which includes a number of systems permitting to implement the labor remuneration in different organizational and technical conditions.

2. A piece-rate form of labor remuneration includes the following basic systems:

a) direct piece-rate pay;
b) indirect piece-rate pay;
c) piece-rate plus bonus pay;
d) progressive piece-rate pay;
e) lump-sum payment.

Each system of the piece-rate form of labor remuneration may be individual or collective.

Under the piece-rate form the remuneration of workers is done in accordance with norms and rates established for the class of work executed. The pay-scale level assigned to the worker is the basis for qualifying him to carry out the work of appropriate level.

3. The hourly form of labor remuneration includes the following systems:

a) simple hourly pay;
b) hourly plus bonus pay.

Hourly pay of workers' labor is accomplished through hourly pay scales as applied to standardized tasks or calculated on the basis of monthly salaries.

Hourly pay of the labor of managers, specialists, and office workers is based on the monthly position pay (rates) unless stipulated otherwise in the enterprise's collective agreement.

Article 25. Compensation for Working in Unfavorable, Hazardous, or Dangerous Labor Conditions

1. For working in unfavorable, hazardous, or dangerous labor conditions workers at enterprises are paid compensatory allowances.

The minimum rates for such pay, standard for the entire Ukraine but differentiated by the type and category of conditions of labor, are established by the General Pay Scale Agreement.

2. The specific amount of allowances by type and category of labor is established by the enterprise for all employees working in unfavorable, hazardous, or dangerous labor conditions regardless of their qualifications.

Allowances are calculated in proportion to hours worked in the aforementioned working conditions.

Article 26. Differentiation in Labor Remuneration

1. Differentiation in labor remuneration as an element of its regulation includes:

the differentiation formalized in the General Pay Scale Agreement regarding the minimum pay established by the state by the type of industrial production, job, and work, depending on the difficulty of labor;

the qualifications differentiation in pay scale rates and salaries set forth by the sectoral pay scale agreement;

the differentiation between positions reflected in the size of position salaries.

2. Workers' minimum pay set forth by the pay scale agreements cannot be lower than:

by type of production, jobs, and work—the minimum pay set forth by the state;

at enterprises—minimum pay set forth in the sector (subsector) by type of production, jobs, and work performed, with the exception of those envisaged by point 7 Article 21 of this law.

3. Minimum pay established at enterprises with the differentiation by kind and type of production corresponds to level 1 pay scale rates.

Article 27. Labor Remuneration for Certain Categories of Workers:

1. For hired employees of enterprises, production facilities, industrial shops, work sections, and other work units performing work (services) that do not fall under the main activity of the sector (subsector), labor remuneration is determined by pay scale agreements of those sectors (subsectors) where such production units belong by the nature of their activities.

2. For hired employees and office workers in professions and positions in the common (cross-sectoral) sectors within the state sector, universal pay scale terms of labor remuneration are established by the General Pay Scale Agreement.

The list of common (cross-sectoral) professions of workers and positions of office workers for the sectors within the state sector is established by the Ukraine Ministry of Labor.

3. For workers employed in budget organizations and institutions, labor remuneration is determined by pay scales governed by pay scale agreements of those sectors (subsectors) to which the workers belong by the nature of the job performed, and for the workers in common (cross-sectoral) professions—in accordance with point 2 of this article.

4. Labor remuneration in cooperatives (including kolkhozes), collective, joint-stock, leased, and joint-ownership enterprises is effectuated in accordance with the stipulations envisaged by these enterprises' statutes, provided they observe the minimum norms and guarantees with respect to labor remuneration in accordance with current legislation.

PART V. THE RIGHTS OF EMPLOYEES IN THE SPHERE OF LABOR REMUNERATION AND THEIR PROTECTION

Article 28. Employee Right to Labor Remuneration

An employee is entitled to labor remuneration in accordance with its quantity and the type of work performed in accordance to terms stipulated by the legislation and the collective agreement.

Article 29. Amount of Labor Remuneration

The amount of labor remuneration of a hired employee for the full monthly quota of work (workday) actually performed cannot be lower than the minimum pay established by the state.

Article 30. Means of Consideration in Labor Remuneration

1. Labor remuneration is paid in monetary notes that constitute legitimate tender on the territory of Ukraine.

2. Labor remuneration may be paid by bank checks. The procedures for issuing labor remuneration by means of bank checks are established by the Ukraine's Council of Ministers in coordination with the National Bank of Ukraine.

3. At the personal request of the worker, payment of earned remuneration may be done through the savings bank or through postal orders.

4. A collective agreement may envisage a partial payment of earned remuneration in kind in those sectors or professions where such a payment in the equivalent in value to the labor remuneration in cash is commonly used or is desired.

Article 31. Time, Periodicity, and Place of Issuing Earned Remuneration

1. Earned remuneration is paid regularly on the days stipulated by the labor agreement:

a) to workers with peace-rate remuneration, or paid on an hourly, daily, or weekly basis—no less than twice a month at the intervals not exceeding 16 calendar days;
b) to workers on monthly salaries—no less than once a month.

For certain categories of workers other pay periods may be established by legislative acts.

2. Cash payment of earned remuneration is done at the place of employment.

Article 32. Limitations on Deductions From Pay

Deductions from pay may be done only in the instances envisaged by the legislation.

During each pay period the total amount of all deductions cannot exceed 20 percent, or, in the instances envisaged by the legislation—50 percent of the pay due to the employee.

When deductions from pay are made in accordance with several documents to that effect, the employee during any time period cannot receive less than 50 percent of his earned pay.

Restrictions stipulated by parts two and three of this article do not apply to the deductions from pay while serving a sentence in a corrective labor facility or to alimony withholdings.

Article 33. Deductions Withheld From Severance Pay, Compensations, and Other Pay

Deductions withheld from severance pay, compensations, and other pay, which under the legislation are not subject to withholding, is not permitted.

Article 34. Notifying Employees of the Terms of Labor Remuneration

When a worker signs a labor agreement (contract), the owner or the organ authorized by him informs him of the amount, procedures, and time of issuing remuneration for his labor and the terms in accordance to which deductions may be withheld.

In the event of introducing new, or making changes in the existing, terms of labor remuneration the owner or the organ authorized by him informs the employee no later than two months before they are introduced.

Article 35. Notifying Employees of Salary Payments and Entries in Pay Documents

1. Every time an employee is issued his pay, he must be provided the following information for the period for which the pay is issued:

a) the total amount of earnings broken down by the type of payments;
b) amount of deductions and reasons for withholdings from pay;
c) the amount of net pay.

2. The owner or the organ authorized by him is to ensure that payroll accounting records are kept in accordance with established procedures.

Article 36. Information on Employee Earnings

Information on employee earnings is released only in instances envisaged by legislation, or with the consent by the employee to such a request.

Article 37. Resolution of Disputes in Matters of Labor Remuneration

Disputes in matters of labor remuneration are considered in accordance with the procedures for the resolution of labor disputes established by law.

PART VI. REALIZATION OF STATE POLICY IN THE AREA OF LABOR REMUNERATION

Article 38. Realization of State Policy in the Area of Labor Remuneration

1. Realization of state policy in the area of labor remuneration is ensured by the Ukraine Ministry of Labor and its subordinated organ, the State Labor Inspection.

2. The Ukraine Ministry of Labor:

prepares proposals for setting forth the minimum pay guaranteed by the state;

in coordination with the Ukraine Ministry of Finance, approves the terms of labor remuneration, the pay scale amounts and position salaries for employees of budget institutions and organizations and (as a benchmark) for other sectors of social production;

establishes the list of common (cross-sectional) professions and positions of workers and office workers;

prepares proposals and materials for negotiations with respect to signing the general and sectoral pay scale agreements;

registers sectoral pay scale agreements;

organizes the development and introduction of a Universal State Classification of all professional categories of employees, standardized pay-scale and qualifications characteristics of workers' professions and office workers' positions, and other normative and methodological materials in the area of regulation of labor and organization of labor remuneration;

renders organizational and methodological assistance to enterprises, regardless of form of ownership, in the matter of labor remuneration.

Article 39. Overseeing Compliance With Legislative Acts in the Area of Labor Remuneration

compliance with the legislative acts in the area of labor remuneration is ensured by:

organs of the State Labor Commission;
professional unions;
financial organs;
other authorized state organs.

PART VII. EMPLOYEE LIABILITY FOR VIOLATIONS OF LABOR REMUNERATION LAWS

Article 40. Employee Liability for Violations of Labor Remuneration Laws

Employees violating labor remuneration laws are subject to disciplinary, material, and criminal amenability in accordance with the legislation.

Law on Privatizing State Housing Space

Decree on Implementing Law

925D0719A Kiev URYADOVYY KURYER in Ukrainian 7 Aug 92 p 10

["Decree of the Ukrainian Supreme Soviet on the Procedure for Implementing the Law of Ukraine 'On Privatization of the State Housing Fund'"]

[Text] The Ukrainian Supreme Soviet decrees:

1. To implement the Law of Ukraine "On Privatization of the State Housing Fund" as of the day of publication.

2. Until legislation of Ukraine is brought into correspondence with the Law of Ukraine "On Privatization of the State Housing Fund," existing acts of legislation of Ukraine apply insofar as they do not contradict this Law.

3. For the Ukrainian Cabinet of Ministers:

to draft and approve a state program to provide the population of Ukraine with housing;

to draft and approve normative acts necessary for performance of the provisions of this Law;

to submit for examination of the Ukrainian Supreme Soviet proposals for bringing legislative acts of Ukraine into correspondence with the Law of Ukraine "On Privatization of the State Housing Fund," and to bring decisions of the government of Ukraine into correspondence with this Law;

to draft and submit for examination of the Ukrainian Supreme Soviet proposals with regard to changes in the Housing Code of Ukraine.

4. For organs of local state administration and local self-administration to bring decisions adopted by them into correspondence with this Law.

Kiev, 19 June 1992.

Text of Law

925D0719A Kiev URYADOVYY KURYER in Ukrainian 7 Aug 92 pp 10-11

["Law of Ukraine on Privatization of the State Housing Fund"]

[Text] This Law defines the legal foundations of privatization of housing that exists under state ownership and its further use and maintenance.

The goal of privatization of the state housing fund is to create conditions for citizens to exercise their right to free choice of the means of satisfying their housing requirements, to enlist the participation of citizens in the maintenance and preservation of existing housing, and to form market relations.

Article 1. The concept of privatization of the state housing fund

Privatization of the state housing fund (henceforth privatization) consists of the confiscation of apartments (buildings) and adjoining residential lodgings and structures (basements, sheds) of the state housing fund for the benefit of citizens of Ukraine.

The state housing fund consists of the housing fund of the local soviets of people's deputies and the housing fund which is under full management or operative administration of state enterprises, organizations, and institutions.

Article 2. Objects of privatization

1. Objects of privatization (henceforth apartments (buildings)) include:

—apartments of multiapartment buildings and single-apartment buildings that are used by citizens under rental conditions;

—unoccupied apartments, portions of buildings, and single-apartment buildings after completion of their construction, reconstruction, repair, and current vacancy.

2. Not subject to privatization are apartment-museums, apartments in buildings of closed military settlements, rooms in dormitories, apartments judged according to established procedure unfit for residence, official apartments (rooms), and apartments in which two or more tenants reside in the absence of the consent of all to the privatization of the occupied apartment.

3. Privatization of apartments in buildings included in a plan for reconstruction is performed after reconstruction is performed by the owner (holder) of the building. After performance of reconstruction, the tenants who lived in the apartments prior to the beginning of the reconstruction have a first-priority right to privatization of those apartments.

4. Single-apartment buildings and apartments in buildings included in plans for repair may be privatized prior to performance of the repair with the consent of the tenants, with appropriate compensation to be granted to them according to procedure established by the Ukrainian Cabinet of Ministers.

Article 3. Means of privatization

Privatization is performed by means of:

a free-of-charge transfer to citizens of apartments (buildings) on the basis of a sanitary norm of 21 square meters of total area per tenant and each member of his family and an additional 10 square meters per family;

sale of the balance of total area of apartments (buildings) to the citizens of Ukraine who reside in them or who are on a waiting list of those requiring an improvement of housing conditions.

Article 4. Housing checks

1. Housing checks consist of privatization securities received by all citizens of Ukraine and used for privatization of the state housing fund. They may also be used for privatization of a portion of the property of state enterprises and the land fund.

The face value of a housing check is defined by the replacement value of the available state housing fund taking into account a general index of increase in the value of the property—10—adopted for calculations in the State Program of Privatization of State Property (606 billion rubles [R] as of 1 July 1992), calculated for each citizen of Ukraine—R12,000.

2. Citizens who have housing with the right to ownership may use the received housing checks to purchase portions of the property of state enterprises and the land fund.

Citizens who have received housing checks as compensation for a privatized apartment (building) may use them in the same fashion.

Article 5. Procedure for settlements with regard to privatization of an apartment (building)

1. If the total area of apartments (buildings) that are subject to privatization corresponds to the area stipulated by paragraph 2 of Article 3 of this Law, the aforementioned apartments (buildings) are transferred to the tenant and the members of his family free of charge.

Members of the family of a tenant include only citizens who permanently reside in the apartment (building) together with the tenant or who retain the right to housing as of the moment of implementation of this Law.

2. If the total area of an apartment is less than the area which the family of a tenant has the right to receive free of charge, the tenant and the members of his family are issued housing checks whose sum is determined based on the amount of shortfall of area and the replacement value of one square meter.

3. If the total area of an apartment (building) exceeds the area which the family of a tenant has the right to receive free of charge, the tenant performs an additional payment in cash or securities received for privatization of state enterprises. The sum of the additional payment is defined as the sum of the excess total area times the replacement value of one square meter taking into account a coefficient of the consumer quality of the apartment (building).

The coefficient of consumer quality is determined by the local soviets of people's deputies or by organs authorized by them by individual building in accordance with regulations drafted by the Ukrainian Cabinet of Ministers. The coefficient of consumer quality of an apartment (building) for a population center as a whole may not exceed 1.0 (units).

4. The right to privatization of apartments (buildings) of the state housing fund through the use of housing checks belongs to citizens of Ukraine who reside permanently in those apartments (buildings) or who were on a list of those requiring an improvement of living conditions prior to implementation of this Law.

5. Each citizen of Ukraine has a one-time right to privatize the housing occupied by him free of charge within the bounds of the face value of a housing check or with a partial additional payment.

Article 6. Free-of-charge transfer of apartments (buildings) independent of the amount of their total area.

1. The following, independent of the amount of total area, are transferred free of charge to ownership of the citizens who occupy them:

one-room apartments;

apartments (buildings) received in the event of the eviction or ejection of all the families from buildings (portions of buildings) which belonged to them with right of ownership, if the former owners did not receive monetary compensation for these buildings (portions of buildings);

apartments (buildings) in which reside citizens who are granted that privilege by the Law of Ukraine "On the Status and Social Protection of Citizens Who Suffered as a Consequence of the Chernobyl Catastrophe";

apartments (buildings) in which reside citizens awarded the titles Hero of the Soviet Union or Hero of Socialist Labor or decorated with the three degrees of the order of Glory, veterans of the Great Patriotic War, soldier-internationalists, group I and II invalids, lifelong invalids, veterans of labor who have worked no fewer than 25 years for women and 30 years for men, veterans of the Armed Forces, and repressed persons rehabilitated in accordance with the Law of Ukraine "On Rehabilitation of Victims of Political Repressions in Ukraine";

apartments (buildings) in which reside families of those who perished in the performance of state and social obligations and in production;

apartments (buildings) in which reside servicemen granted that privilege by the Law of Ukraine "On Social and Legal Protection of Servicemen and Members of their Families";

apartments (buildings) in which reside families with many children (families that have three or more juveniles).

Article 7. Rights of tenants who have not shown a desire to privatize the housing occupied by them

1. For citizens who have not shown a desire to privatize the housing occupied by them, the existing pr ocedure for receiving and using housing under conditions of rent is maintained.

2. Prior to privatization of occupied apartments (buildings), citizens have the right to move to apartments with less area. In this process they are paid monetary compensation for the difference between the total area of the occupied apartment and the apartment that is granted according to amounts and procedure defined by the Ukrainian Cabinet of Ministers. Organs of local state administration and local self-administration and state enterprises, organizations, and institutions that have full management or operative administration of the state housing fund must assist citizens desiring to change apartments (buildings) of a greater area for apartments (buildings) of a lesser area.

Article 8. Organization of the execution of privatization and documentation of the right of ownership

1. Privatization of the state housing fund is performed by authorized organs that are created by the local state administration and organs of local self-administration and state enterprises, organizations, and institutions that have full management or operative administration of the state housing fund.

2. A transfer of occupied apartments (buildings) to common joint or partial ownership is performed with the written consent of all adult members of a family who permanently reside in that apartment (building), including those temporarily absent who retain the right to housing, with obligatory notification of the authorized owner of the apartment (building).

3. A transfer of apartments (buildings) to the ownership of citizens is performed on the grounds of decisions of the appropriate organs of privatization, which are adopted no later than one month from the day of receipt of an application of a citizen.

4. Preparation and compilation of documents concerning the transfer to ownership of citizens of apartments (buildings) and organization of the sale may be entrusted to specially created organs of privatization (agencies, bureaus, and other enterprises).

5. Transfer of apartments (buildings) to the ownership of citizens with additional payment, free of charge, or with compensation in accordance with Article 5 of this Law is documented with a certificate of the right of ownership of the apartment (building), which is registered at organs of privatization and does not require certification by a notary.

6. Payment of the cost of privatized housing may be performed by citizens in installments over 10 years under condition of contribution of a down payment in the amount of not less than 10 percent of the sum subject to payment. In addition, the citizen gives the organ of privatization a written obligation to repay the sum of the cost that remains unpaid.

7. Organs of privatization that perform privatization of the state housing fund have the right to activities to compile and register documents of the right of ownership of apartments (buildings). This right is attested by a license that is issued according to procedure established by the Ukrainian Cabinet of Ministers.

8. The cost of the services of organs of privatization with regard to compilation of documents of the right to ownership of apartments (buildings) is paid for by purchasers at state prices.

9. The state housing fund which is under full management or operative administration of state enterprises, organizations, and institutions may, at their desire, be transferred to communal ownership at the location of the buildings with subsequent performance of their privatization by organs of local state administration and local self-administration in accordance with the requirements of this Law.

10. Organs of privatization do not have the right to refuse to let the residents of apartments (buildings) privatize the housing they occupy, with the exception of instances stipulated by point 2 of Article 2.

11. Disputes that arise with regard to privatization of apartments (buildings) of the state housing fund are resolved by a court or arbitration court according to their jurisdiction.

12. Upon violation of the requirements of this Law, officials and citizens bear disciplinary, civil-legal, or criminal liability in accordance with existing legislation.

Article 9. Use of money received from privatization

1. Money received from privatization of the state housing fund is paid into specially created extrabudgetary privatization housing funds of the local soviets of people's deputies or special funds of enterprises, organizations, and institutions that have full management or operative administration of the state housing fund and is used for housing construction and the repair of housing with the goal of providing housing to citizens who are on a waiting list of those requiring an improvement of housing conditions.

2. Twenty percent of the sum of the aforementioned funds is transferred to a State Privatization Housing Fund which is created to finance housing construction in regions with a low level of provision of housing to citizens and to create a reserve of money to provide for guarantees of rights to free state housing for newborn citizens of Ukraine. Utilization of money of the aforementioned fund is performed according to decisions of the Ukrainian Cabinet of Ministers.

Article 10. Maintenance of privatized apartments (buildings)

1. Maintenance of privatized apartments (buildings) is performed with money of their owners in accordance with Rules for the Use of Structures of Housing Buildings and Adjoining Territories approved by the Ukrainian Cabinet of Ministers, independent of the form of ownership of them.

2. Owners of apartments of multiapartment buildings are co-owners of auxiliary structures of the building, technical equipment, and elements of external upkeep and are obliged to take part in common expenses connected with maintenance of the building and adjoining territory in accordance with their share in the property of the building. Auxiliary structures (storerooms, sheds, etc.) are transferred to the ownership of apartment tenants free of charge and are not subject to individual privatization.

3. To ensure effective use and administration of privatized apartments, owners of apartments (buildings) may create societies or associations of individual owners of apartments and buildings. In a multiapartment building whose apartments are not completely privatized, an agreement is concluded between the society (association) of individual owners of apartments and the owner of the unprivatized apartments concerning joint possession of the building and shared participation in expenses for its maintenance.

4. State communal enterprises for servicing and repairing housing are obligated to service and repair privatized housing and to grant residents communal and other services at state prices and fees. Control over the observance of state prices and fees is performed by financial organs.

5. Use of an adjoining territory attached to a privatized building is performed according to procedure and under conditions stipulated by the Land Code of Ukraine.

6. Indebtedness of owners of apartments with regard to concluded agreements connected with the maintenance of a building and payment for communal services is collected on a mandatory basis.

7. Former owners (their inheritors) who possessed multiapartment buildings prior to the moment of privatization are obliged to take part in the financing of their repair and assist in the organization of its performance according to procedure defined by the Ukrainian Cabinet of Ministers. Disputes that arise concerning this question are resolved by a court or arbitration court according to their jurisdiction.

Article 11. Taxation of housing owned by citizens

1. Owners of privatized housing pay an annual property tax whose amount will be defined by the Law on Taxation of Real Estate. The sum of the tax is paid into a special fund for housing construction of the appropriate local soviet of people's deputies.

2. A society (association) of owners of apartments in a multiapartment building and of individual buildings that performs maintenance of buildings through its own efforts and is not engaged in other activity and does not operate to receive profits is exempted from taxation.

Article 12. Right of the owner to disposal of a privatized apartment (building)

The owner of privatized housing has the right to dispose of an apartment (building) as he pleases: To sell it, give it away, bequeath it, lease it, exchange it, mortgage it, and conclude other agreements not prohibited by law. The procedure for performance of these rights by the owner of housing is regulated by Civil Legislation of Ukraine.

Article 13. Social protection of the population in the process of privatization

1. Prior to introduction of reform of the system of labor payments, the existing procedure of state subsidies for servicing, maintenance, and repair of the state and privatized housing fund and communal services is preserved.

2. By decision of the local soviets of people's deputies and administrations of enterprises, organizations, and institutions, privileges may be established with regard to rent and communal services for the temporarily disabled, invalids, retirees, and citizens and members of their families whose income is lower than the established minimum living standard and for other socially vulnerable and indigent categories of citizens.

Kiev, 19 June 1992

Decree on Changes to Resolution On Implementing Law on Leasing Property of State Enterprises, Organizations

925D0707A Kiev HOLOS UKRAYINY in Ukrainian 4 Aug 92 p 3

[Decree of the Supreme Council of Ukraine, issued on 7 July 1992 in Kiev: "On Changes to the Resolution of the Supreme Council of Ukraine 'On the Procedure for Enacting the Law of Ukraine "On Leasing the Property of State Enterprises and Organizations" ']

[Text] The Supreme Council of Ukraine hereby resolves:

To rewrite Paragraph 4 of the Resolution of the Supreme Council of Ukraine "On the Procedure for Enacting the Law of Ukraine 'On Leasing the Property of State Enterprises and Organizations'" to read as follows:

"4. By 31 December 1992 to ensure that the contracts on leasing the property of state enterprises and organizations, which were concluded before the enactment of the Law of Ukraine 'On Leasing the Property of State Enterprises and Organizations,' are consistent with the indicated Law by means of making changes in effective leasing contracts.

"The legal heirs of the property rights and obligations of leased enterprises, which were acquired prior to the time that the leasing contracts were made consistent with the Law of Ukraine 'On Leasing the Property of State Enterprises and Organizations,' are the leaseholders' organizations that will be formed pursuant to the Law named above.

"When ensuring that the leasing contracts pertaining to the property of leased enterprises, created on the basis of trusts, public sales, and associations, which are subject to commercialization and demonopolization, are consistent with this Law, the labor collectives of structural subdivisions of the described leased enterprises may form organizations of leaseholders and conclude leasing contracts for the property complexes belonging to their structural subdivisions. The newly formed organizations of leaseholders are the legal heirs of the property rights and obligations of the enterprise with whom the leasing contract is being broken."

[Signed]Chairman of the Supreme Council of Ukraine
I. PLYUSHCH
Kiev, 7 July 1992

KAZAKHSTAN

Law on Internal Affairs Organs

Text of Law

925D0732A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 6 Aug 92 pp 2-3

[Republic of Kazakhstan law: "On Internal Affairs Organs of the Republic of Kazakhstan," signed by Republic of Kazakhstan President N. Nazarbayev in Alma-Ata on 23 June 1992]

[Text]

Section I. General principles

Article 1. Internal affairs organs of the Republic of Kazakhstan

The Republic of Kazakhstan internal affairs organs comprise an armed law enforcement system of state administration which implements executive and directive functions in protecting the public order and combatting crime, and in defending the constitutional rights and interests of the individual, the citizen and the state.

Article 2. System of internal affairs organs

The unified system of internal affairs organs of the Republic of Kazakhstan is comprised of the Republic of Kazakhstan Ministry of Internal Affairs, its subordinate oblast and transport internal affairs administrations, city, rayon, city rayon, and village internal affairs organs subsections, as well as internal affairs organs of special and regular facilities, educational institutions, institutions and organizations.

The local internal affairs organs consist of subsections which ensure the protection of public order and are subordinate to the Republic of Kazakhstan Ministry of Internal Affairs and to the local organs of executive power, as well as of operative-investigative subsections which are directly subordinate to the Republic of Kazahstan Ministry of Internal Affairs.

The structure of the internal affairs organs is determined by the Republic of Kazakhstan Ministry of Internal Affairs and approved by the Republic of Kazakhstan government.

Article 3. Principles of activity of internal affairs organs

The activity of the internal affairs organs is built on the principles of legality, singular management, openness, and interaction with other state organs, public associations, labor collectives and the population.

Article 4. Tasks of the internal affairs organs

The tasks of the internal affairs organs, in accordance with the present law, are:

—to protect the constitutional rights of the individual citizen;

—to ensure public order and public safety;

—to combat crime;

—to use criminal punishments and administrative penalties within the limits of their competency;

—to implement control over adherence to laws, standards, rules and regulations in the sphere of highway traffic in terms of ensuring its safety and implementing measures granting state permission to drivers and motor transport vehicles to participate in it;

—to ensure supervision of the status of fire safety in population centers and at economic management facilities, regardless of their form of ownership, and to extinguish fires.

The internal affairs organs may not be summoned for the fulfillment of tasks which are not placed upon them by the legislation.

Article 5. Powers and authorities of the ministry of internal affairs and the oblast heads of internal affairs administrations in regard to internal affairs troop units and formations

The Republic of Kazakhstan Ministry of Internal Affairs and the oblast heads of internal affairs administrations are the senior operative commanders in regard to formations and units of the internal affairs troops stationed on subordinate territory and fulfilling tasks on protecting the public order, guarding correctional-labor institutions, and in extraordinary circumstances.

Section II. Legal status of internal affairs organs

Article 6. Legal basis for activity of internal affairs organs

The legal basis for activity of the internal affairs organs is comprised of the Republic of Kazakhstan Constitution, the present law, and other legislative and normative statutes of the Republic of Kazakhstan.

Article 7. Legal status of workers of the internal affairs organs and guarantee of their activity

A person who works for an organ, subsection, educational institution or institution of the Ministry of Internal Affairs, and who has been granted a special military title in the established order, is a worker of the internal affairs organs, and the principles of the present law apply to him.

The list of special military titles is determined by law, while the order of granting them is determined by the Republic of Kazakhstan Cabinet of Ministers.

A worker of the internal affairs organs, in confirmation of his identity and powers and authorities, is issued a work identification card and a badge of a standard type.

He is also provided free of charge with a uniform, which has been approved by the Kazakhstan Republic Cabinet of Ministers.

A worker of the internal affairs organs is a representative of authority. He is protected by the state, and during fulfillment of his service duties he possesses the right of inviolability. Lawful demands of a worker of the internal affairs organs are mandatory for fulfillment by citizens and officials. The actions of a worker of the internal affairs organs which temporarily limit the rights of citizens are accompanied by the words "in the name of the law." Every private citizen must in this case obey without question and fulfill the demands of the worker of the internal affairs organs.

Failure to fulfill the lawful demands of a worker of the internal affairs organs, insulting, resisting, threating violence or making attempts on his life, health, honor and dignity, property, or other action hindering the fulfillment of the responsibilities placed upon him, as well as any attempt on the life, health, honor and dignity of family members of the internal affairs worker or his close relatives, in connection with the fulfillment of his work responsibility, entail the responsibility established by law.

Workers of the internal affairs organs have the right to appeal to court any decisions which are made regarding them by officials of the internal affairs organs in the order specified by law.

The testimony of a worker of the internal affairs organs in a criminal case or a case of administrative legal violation is evaluated equally with other testimony received in the order established by law.

Workers and retirees of the internal affairs organs enjoy all privileges and benefits established by statutes of the Republic of Kazakhstan and the local administration for military servicemen and pensioners of the Ministry of Defense and organs of the republic's national security.

Article 8. Performance of service in the internal affairs organs

The order and conditions of serving in the internal affairs organs are regulated by the present law and by the statute on service by rank-and-file and management staff of the internal affairs organs, as ratified by the Republic of Kazakhstan Cabinet of Ministers. The creation of associations pursuing political goals is prohibited within the system of internal affairs organs.

Workers of the internal affairs organs may be assigned to other regions of the republic for the purpose of protecting the public order and participating in ensuring the legal conditions of a state of emergency and eliminating consequences of emergency situations, for a period of no more than three months. In this case, the duration of service is computed on a method of one month for three, and an increased monetary stipend is paid.

Workers of the internal affairs organs are prohibited from organizing strikes and participating in them, from engaging in entrepreneurial activity, including commercial middleman activity, as well as from performing concurrent work at enterprises, institutions and organizations of other ministries and departments, private and joint-stock companies, with the exception of scientific, instructional and artistic activity.

Article 9. Responsibilities of the internal affairs organs

The internal affairs organs, within the limits of their competency, are obligated to:

1. Defend the rights and freedoms of citizens against illegal encroachments.

2. Defend property held under all forms of ownership.

3. Protect the public order.

4. Identify, prevent, curtail and expose crimes.

5. Conduct inquiries and investigations.

6. Seek out persons who have committed a crime, evaded an investigation, inquiry, or court appearance, or avoided the fulfillment of a criminal sentence; Find missing persons and other persons whose whereabouts the internal affairs organs are assigned to investigate.

7. Establish and implement administrative supervision in accordance with the legislation, as well as control over persons who have been sentenced to measures of punishment other than imprisonment, or whose sentences of imprisonment have been postponed.

8. Give immediate aid to victims of legal violations and accidents, as well as to persons who are in a helpless state.

9. Participate, in accordance with the legislation, in ensuring and maintaining the legal regimen of a state of emergency or martial law in cases of their introduction on the territory of the Republic of Kazakhstan or in individual areas.

10. Implement control over highway traffic and enforce the rules, regulations and standards in this sphere; Perform registration and accounting of motor vehicles; Give exams for the right to operate motor vehicles and issue driver's licenses; Perform state technical inspection of mechanical transport vehicles and trailers.

11. Implement control over enforcement of rules for obtaining, storing, or transporting explosive, chemical, poisonous, narcotic-containing and other substances, objects and materials, weapons and munitions; Control the opening and operation of registration facilities as defined by the Republic of Kazakhstan legislation.

12. Control the adherence to passport system regulations by citizens and officials.

13. Enforce the Republic of Kazakhstan legislation on citizenship, migration, exit and entry of citizens of the Republic of Kazakhstan, and legislation on the legal status of foreign citizens and persons without citizenship.

14. Perform on a contract basis the guarding of facilities according to the list defined by the Republic of Kazakhstan Cabinet of Ministers, as well as the property of legal and physical persons.

15. Fulfill the resolutions of the court, prosecutor, or investigator on apprehending persons evading court summons, as well as resolutions, sentences, arrest warrants, or resolutions of a judge on administrative arrest.

16. Handle paperwork in cases of administrative legal violations.

17. Within the limits of their competency, execute criminal sentences and administrative penalties.

18. Guard and escort detainees and prisoners.

19. Carry out court sentences in regard to persons sentenced to imprisonment, exile and other forms of criminal punishment, whose fulfillment is placed by the legislation on the internal affairs organs.

20. Supervise the status of fire safety at economic management facilities under all forms of ownership and manage subsections of all types of fire protection, as well as a specialized regional detachment for militarized fire protection.

21. Take immediate measures for extinguishing fires, as well as for saving and helping people.

22. Organize special and military transport shipments.

23. Develop and implement measures for increasing the reliability of work of the internal affairs organs under wartime conditions and in emergency situations which may arise during peacetime.

24. Participate in the implementation of quarantine measures.

The rights and responsibilities of the subsections for investigation, expert-criminology, inquiry, and the criminal-executive system are regulated by the appropriate legislation.

In reports given in the mass media and other channels of information regarding the status of law and order and measures for strengthening it, information comprising state, service, or commercial secrets is not subject to publication, as well as information on the circumstances surrounding the personal life of citizens and touching upon their honor and dignity, and also information on criminal cases which are pending.

If approached by a citizen or official with a request or report of a legal violation, or in the case of direct discovery of such an occurrence on the entire territory of the republic, a worker of the internal affairs organs, regardless of the position which he holds or his departmental subordination or time, must utilize the full range of the rights granted to him to stop the legal violation, to give aid to anyone who needs it, to detain a violator of the law, to guard the scene of the occurrence, and also to inform the nearest internal affairs organ.

Article 10. Rights of the internal affairs organs

In order to fulfill the responsibilities placed upon them, the internal affairs organs are granted the following rights:

1. To demand that citizens and officials adhere to the public order, stop violations of the law and actions hindering the internal affairs organs from exercizing their powers and authorities; In case of non-fulfillment of these demands, to utilize appropriate measures of compulsion, including special means and firearms.

2. To detain and keep under guard in accordance with the criminal-procedural legislation any persons suspected of committing a crime, as well as persons for whom certain types of limitation of personal freedom are imposed in accordance with the law.

3. To summon citizens to the internal affairs organs regarding cases and materials under their review, to obtain explanations, certificates, and documents from citizens and to make copies of them.

4. With justified suspicion of legal violation, to check the documents of citizens verifying their identity, as well as other documents necessary to verify adherence to rules whose fulfillment is placed upon the internal affairs organs.

5. To compile protocols on administrative legal violations, deliver the lawbreakers to the internal affairs organs, detain them, perform searches of persons, belongings, transport means and confiscation of items and documents, and to use other measures provided by law to perform work on cases of administrative legal violations.

6. To implement announced and unannounced operative-investigative measures, including with the involvement of citizens on a voluntary basis, with the application of technical means including film, video and photo recording; This includes also listening to conversations conducted over telephones and other communications devices (in criminal cases with the sanction of the procurator), in order to detect, curtail and expose crimes; To use the obtained data in the cases and order specified by law.

7. To keep an accounting of persons taken under administrative supervision, to implement control over them, and to apply to them the limitations specified by the legislation.

8. To detain military servicemen who have committed legal violations and to hand them over to the military commandants, commanders of military units or military commissars.

9. To detain and keep in holding-placement facilities for minors persons who have not reached the age of 18 and who have committed legal violations, if their immediate isolation is necessary, as well as those directed to special educational-training institutions; To deliver neglected children and adolescents to the organs of care and guardianship.

10. To deliver to special medical institutions or to duty units of the internal affairs organs persons found intoxicated in a public place, persons insulting human dignity and public morals, or persons who might do harm to themselves or those around them, and to maintain them at these facilities until they become sober; In cases where these persons are located at a residence and are performing legal violations—this is done at the request of the citizens living with them.

11. To identify and keep an accounting of persons subject to preventative actions.

To perform photographing, sound, film and video recording, and fingerprinting and to obtain any other data necessary for identification, and to perform registration of the following persons:

—persons detained for suspicion of committing crimes;

—persons held under guard;

—persons accused of committing crimes;

—persons tried for intentional crimes and released from places of imprisonment;

—persons subject to being placed under administrative supervision of the militia;

—persons performing legal violations in the sphere of domestic relations;

—persons abusing alcoholic beverages and alcohol;

—persons performing petty hooliganism and petty theft;

—persons using narcotics without a doctor's prescription;

—persons maintaining gambling dens, as well as those visiting such dens;

—other persons who lead an anti-social way of life.

12. Without compensation, to conduct expert investigations on criminal cases, to perform inspections and conduct necessary research on materials of investigations; To involve the participation of specialists in investigative actions and search measures.

13. If grounds specified by law are present, and for purposes of preventing crimes, following persons suspected of committing crimes, in cases of natural disasters and other extraordinary circumstances threatening public order or personal safety of citizens, to enter at any time into residences and other buildings and land areas belonging to citizens, into territories and facilities of enterprises, institutions and organizations (except for diplomatic representations), in order to investigate them, and to remain there until the completion of the implemented measures.

14. To temporarily limit or prohibit if necessary the traffic of transport vehicles and pedestrians along streets and highways, as well as to halt all types of work performed on them; To control the activity of ministries, departments, organizations and enterprises, regardless of their forms of ownership, in terms of ensuring traffic safety, and to issue mandatory directions; To prohibit the operation of transport vehicles whose technical condition threatens the safety of highway traffic or the environment; For purposes of ensuring highway traffic safety and preventing legal violations, to stop transport vehicles and check the drivers' documents for right of operation, bills of lading and documents on transported cargo; To perform in the cases specified by law the inspection of transport vehicles; To suspend from operating transport vehicles persons who are in a state of intoxication, or those who do not have documents granting them the right to operate or use the transport vehicles; In accordance with the legislation to impose measures of administrative punishment on legal violators, to detain transport vehicles and bring them to special yards for temporary storage [impounding]; To participate in the work of commissions on approving the operation of automobile roads, streets, highway structures, railroad crossings, urban electrical transit lines, as well as models of new auto transport technology; To coordinate drafts of rules, regulations and standards relating to traffic safety, as well as construction and reconstruction of roads and highways, construction of transport vehicles, and instructional programs for driver training.

15. In the order established by law, to conduct examination of persons for the use of alcohol, narcotic and other psychotrophic substances, or to direct or bring them to medical institutions for performance of such examination.

16. To limit or temporarily prohibit the access of citizens to certain sectors and territories, to obligate them to leave a certain place for purposes of ensuring public order and public safety, as well as during the implementation of operative-search measures and investigative actions.

17. In implementing joint measures with the internal troops for seeking out persons who have escaped custody, in enforcing quarantine measures, and also in places of mass growing of wild narcotic-containing plants, spawning of valuable breeds of fish, on the

territory of national parks, state preserves and monuments—to establish control check-points in conjunction with other organs.

18. To issue permission to enterprises, institutions and organization for obtaining, storing, and transporting firearms, munitions, explosives, strong-acting chemicals, poisons and other objects, substances and materials according to the lists defined by the Republic of Kazakhstan legislation, and to issue permission to citizens for obtaining, carrying and storing firearms and munitions; To annul these permits, to inspect with participation of the administration the buildings where the indicated objects, items, and materials are located, to inspect citizens' weapons, munitions and places of their storage for the purpose of implementing control over adherence to their rules of use; To issue permits for opening gun repair, pyrotechnical, and stamping and engraving enterprises, stores trading in firearms, shooting galleries and ranges; To annul these permits in case of violation of the established order of their activity; To collect from enterprises, institutions, organizations and citizens weapons and ammunitions if the rules of their storage and use have been violated, as well as in other cases specified by law.

19. In the course of verifying reports of legal violations, to obtain information, documents and written explanations from officials and other workers of enterprises, institutions, and organizations, regardless of their subordination and forms of ownership, as well as from persons engaged in entrepreneurial activity.

20. In filed criminal cases, to obtain, unhindered and without compensation, statistical, operative and reporting information from banks and credit-finance institutions, regardless of their forms of ownership, as well as from institutions of the Goskomstat [State Committee on Statistics]. This includes computer information and information on credit-monetary operations of physical and legal persons; To seal cash registers and other places of storing money, commodity-material goods and documents, and to take other measures to ensure their safety; To perform control purchases and take samples of raw materials, semi-finished products and goods.

21. To implement control over fulfillment of the statutes of the organs of state power and administration on questions of fire safety in the ministries, departments, enterprises, institutions and organizations, regardless of their subordination and forms of ownership; In the presence of administration representatives, to perform verification of the fulfillment of fire safety requirements, standards, norms and regulations; To forward to the managers of enterprises, institutions, organizations and other officials and citizens the instructions on correcting identified violations and implementing fire prevention measures.

22. To appoint mandatory commissions of experts for ministries, departments, enterprises, organizations, and institutions, regardless of their forms of ownership, for investigating the causes of fires, as well as for performing control tests of equipment, products, substances, and materials in order to determine the degree of their fire hazard.

23. To stop fully or partially the work of enterprises, individual productions, production sectors or assemblies, regardless of their form of ownership; To prohibit the operation of buildings, structures, electrical networks, or heating devices, the performance of work which presents a fire hazard, is in violation of fire safety regulations and may present a threat of fire, or in cases of non-fulfillment of the fire safety requirements specified by the plan or planning standards in the construction, reconstruction, expansion or technical retooling of a facility, enterprise, institution, structure or building.

24. To control the readiness of firefighting subsections of population centers and facilities for fighting fires, regardless of their departmental affiliation.

25. To implement control over the fulfillment of fire safety regulations specified in the standards, norms and regulations by planning and construction organizations of all forms of ownership during planning, construction and reconstruction of enterprises, buildings and structures; To participate in the work of commissions for building site selection and approval of buildings, enterprises and structures for operation.

26. To coordinate drafts of standards, norms and regulations which establish fire safety requirements, as well as project decisions for the construction of facilities for which there are no standards or regulations.

27. In extraordinaty situations, to employ the forces and means of the firefighting and emergency rescue services, transport and other material-technical means, regardless of their departmental affiliation. If necessary, to give the order to evacuate people or material valuables from a danger zone, to stop the work of shops and facilities for the period of performance of rescue work and elimination of extraordinary situations.

28. To reward citizens who have distinguished themselves in saving persons or property, in protecting public order and in the fight against crime; To announce rewards for aid in preventing and exposing crimes and other legal violations, and in apprehending criminals, and to pay these rewards to citizens and organizations.

29. To issue mandatory directives and instructions to state organs, public associations, officials, and private owners on measures for preventing circumstances facilitating the commission of crimes and other legal violations, and in case they are not adopted to bring the guilty parties to responsibility as provided by law.

30. To utilize for work purposes, unhindered and free of charge, all types of public city, suburban and local transport, including expresses (except for diplomatic transport and taxicabs); In rural areas—to utilize passing

transport, as well as travel on trains, maritime and river vessels within the limits of their service areas, with reimbursement of expenses to the owners of the transport vehicles from budget funds. Transport which is the personal property of citizens is used with their permission.

31. In the absence of other possibilities, to utilize transport means, regardless of forms of ownership (except for diplomatic representations of foreign governments) for transit of personnel to places of accidents and natural disasters, for transport of means of their liquidation, for taking citizens requiring emergency medical aid to treatment institutions, for following persons who have committed crimes and for bringing them to the internal affairs organs, as well as in other urgent cases, with compensation of loss to the owners, if it is inflicted, as well as compensation of expenditures—at the expense of the funds of the internal affairs organs.

32. To utilize for work-related purposes means of communication belonging to enterprises, institutions, organizations, public associations, and in urgent cases—citizens, with their consent and with later compensation.

33. Upon presentation of business travel certification, to obtain travel documents in priority order for all types of transport and to receive a place to stay in hotels.

34. The Republic of Kazakhstan internal affairs organs have the right to cooperate with corresponding organs of other countries, with international organizations for combatting crime on the basis of bilateral and multilateral agreements, whose actions are regulated by standards of international law.

Article 11. Responsibility of internal affairs organs

The internal affairs organs and their workers are responsible to the citizens and the state for the status of protecting their lawful rights and interests and for ensuring law and order within the sphere of their competency.

For non-fulfillment or improper fulfillment of their service duties, workers of the internal affairs organs bear disciplinary and criminal responsibility.

The internal affairs organs, upon violation of the rights and legal interests of citizens by their workers, must restore these rights, make compensation to the legal and physical persons for the losses inflicted by their workers, and see that the guilty parties are brought to responsibility.

If a worker of the internal affairs organs is given an order or directive which clearly contradicts the law, he is guided by the law and is under its protection.

The knowing fulfillment of an unlawful order or directive does not excuse a worker of the internal affairs organs from responsibility. The official issuing the unlawful order or directive also bears responsibility for it.

The actions of a worker of the internal affairs organ are not considered a violation of the law if he is in a situation of justified professional risk. A risk is considered justified if the performed actions objectively stemmed from the circumstances, while the lawful purpose could not be achieved without the performance of the action in question, and the worker of the internal affairs organs who has allowed the risk took all possible measures in the situation which was created to prevent the harm that was incurred.

The actions of workers of the internal affairs organs may be appealed in judicial order.

Section III. Application of special means and firearms by the internal affairs organs

Article 12. Purpose and limits of application of special means and firearms

The workers of the internal affairs organs are granted the right to carry, keep and use special means and firearms.

Special means and firearms are used with consideration for the character of violation of law and order, the personality of the violator, and the specific situation for purposes of stopping a socially dangerous action or detaining the person committing the action and bringing him to the internal affairs organs.

Article 13. Application of special means

Workers of the internal affairs organs have the right to use handcuffs, rubber sticks, tear-inducing substances, light and sound devices which have a distracting effect, devices for unlocking facilities, devices for forced stoppage of transport, water throwers, means of combat, service animals, as well as armored vehicles and other special and transport means:

—for repelling attacks on citizens, workers of the internal affairs organs and other persons fulfilling their service or civic duty in protecting public order and combatting crime, as well as for freeing hostages;

—for suppressing mass unrest and group violations of the public order;

—for repelling attacks on buildings, facilities, structures, transport means, or land areas belonging to citizens, state and public organs, enterprises or institutions, as well as freeing them from takeover;

—for detaining violators of the law if they refuse to cooperate or offer resistance to the workers of the internal affairs organs or other persons fulfilling the duties placed upon them in protecting the public order and combatting crime; for bringing these violators to the internal affairs organs, escorting and guarding detainees and persons held under guard or subject to administrative arrest, or if there are sufficient grounds to believe that they may try to escape or do harm to those around them and to themselves, as well as in

regard to persons intentionally hindering the workers of the internal affairs organs from performing their assigned duties.

Special means may not be used against women, persons with obvious disabilities and minors, except in cases when they perform a life-threatening attack, a group attack, or offer armed resistance.

The list of special means is defined by the Republic of Kazakhstan Cabinet of Ministers.

Article 14. Use of firearms

As an extreme measure, workers of the internal affairs organs have the right to use firearms in the following cases:

—to defend citizens against attack threatening their life or health, and to free hostages;

—to repel a group or armed attack on workers of the internal affairs organs and members of their families, as well as other persons who are performing their service or civic duty in protecting public order and combatting crime, as well as any other attack, when their life or health is threatened;

—to repel a group or armed attack on residential houses of citizens, on facilities or buildings of state enterprises, institutions, or organizations specially guarded by the internal affairs organs, or to repel attacks on the troop or service units of the internal affairs organs;

—to detain persons who offer armed resistance or who are caught in the act of committing a serious crime or escaping from the guard (except for those held under administrative arrest), as well as to detain armed persons who refuse to carry out a lawful demand to give up their weapons;

—to stop transport vehicles by means of damaging them, if the driver does not respond to repeated lawful demands issued by the workers of the internal affairs organs to halt, and thereby places the life and health of citizens in danger;

—to defend against attacks by animals;

—to give warning of the application of weapons, to give a signal of alarm or to summon help.

Firearms may not be used against women and minors, except in cases where they are performing armed attack, offering armed resistance, taking hostages, seizing an aircraft or participating in a life-threatening group attack.

In all cases of application of firearms, the worker of the internal affairs organs must take the necessary measures for ensuring the safety of surrounding citizens, giving emergency medical aid to the injured, and informing the prosecutor.

Section IV. Social protection of workers of the internal affairs organs

Article 15. State insurance and compensation of loss in case of death or disablement of a worker of the internal affairs organs

Workers of the internal affairs organs are entitled to state mandatory personal insurance at the expense of the republic budget. The order and conditions of this insurance are established by Republic of Kazakhstan legislation.

If a worker of the internal affairs organs is demoted in his duties as a result of being wounded, incurring bodily injury, or contracting a work-related illness, monetary support is paid to him from internal affairs organs funds, based on the position held prior to demotion.

In case of incurred disability or other damage to the health of an associate of the internal affairs organs in connection with performance of his service duties, monetary compensation in the amount exceeding the sum of designated pension and based on the grounds cited in this article is paid to him at the expense of the internal affairs organs, with subsequent collection of this sum from the guilty parties.

When a worker of the internal affairs organs sustains bodily injuries related to the performance of his service activity, which exclude for him the possibility of continued service, he is paid a one-time subsidy in the amount of five years of monetary support from the funds of the state mandatory personal insurance fund, with subsequent collection of this sum from the guilty parties.

If a worker of the internal affairs organs dies in the performance of his service duties, or after dismissal from work as a result of trauma or illness sustained during performance of his duties, the family of the deceased and his dependents are paid a one-time subsidy in the amount of 10 years of monetary support of the deceased, based on the position which he last held and payable from the state mandatory personal insurance fund. Children of the deceased, until they reach legal age, as well as disabled family members whom he supported, retain the right to benefits for payment of housing, municipal services, fuel, and operational expenses.

If a worker of the internal affairs organs dies in the fulfillment of his service responsibilities, the family of the deceased or his dependents receive a (lifetime) pension in connection with the loss of the breadwinner, in the amount of monthly monetary support.

Article 16. Provision of workers of the internal affairs organs with living space

Workers of the internal affairs organs enjoy the right of priority provision of housing area from the appropriate funds.

The living space in houses belonging to the state and departmental housing fund, occupied as permanent residence by workers of the internal affairs organs who have worked at their jobs for over 20 calendar years, is, upon the request of these workers, given to them and their families free of charge.

The internal affairs organs have the right to buy housing for their workers at the expense of available funds.

The organs of executive power present to the workers of the internal affairs organs interest-free or low-interest loans for individual or cooperative housing and dacha construction. These loans are given from their budget funds and are repayable in the order established by law.

Workers of the internal affairs organs who have worked in the indicated organs and have lived in the service buildings for over 10 years may not be evicted from the service residential buildings without being offered other housing.

Workers of the internal affairs organs and their family members living with them receive a 50 percent discount on payment for housing, municipal services, fuel and operational expenditures for maintaining housing, regardless of the departmental affiliation of the housing fund, including privatized.

Workers of the internal affairs organs living and working in rural areas or in city-type settlements and their family members living with them are paid their expenditures for housing, municipal services, and fuel from local budget funds.

Workers of the internal affairs organs using a residential building under an agreement for leasing or subleasing apartments belonging to citizens on rights of private ownership are paid compensation in the established amounts based on the corresponding estimates of the internal affairs organs.

Internal affairs organs have the right to re-assign living space which is being vacated, regardless of its departmental affiliation.

In case of death of a worker of the internal affairs organs in connection with performance of his duties, the family of the deceased retains the right to receive housing no later than one year from the death of the internal affairs organ worker, and on the same basis under which he was placed on the waiting list.

Benefits in receiving housing established for retired members of the armed forces also extend to retired members of the internal affairs organs.

Article 17. Guarantees of other social rights of workers of internal affairs organs

Workers of internal affairs organs have the right to receive priority assignment of spaces in pre-school institutions, to have a telephone installed in their apartment, to receive land plots for individual housing construction, and to have protective alarm equipment installed in their apartments at the expanse of the internal affairs organs.

A worker of the internal affairs organs who has been dismissed from service upon attaining retirement age, for reason of illness, or by years served, including mixed service, retains the right to use the benefits provided for the rank-and-file and management staff of the internal affairs organs.

Workers of internal affairs organs engaged in guarding facilities enjoy all the same benefits of the workers and employees established for the given enterprises and departments.

Workers of the internal affairs organs are provided with a food ration with payment in kind, according to the norms established by legislation for military servicemen in the armed forces, or with monetary compensation of the ration.

Associates of the internal affairs organs utilizing their personal transport vehicles for work purposes are paid monetary compensation in the established amounts.

Article 18. Work time of workers of the internal affairs organs

The duration of work time is set for the workers of the internal affairs organs in accordance with the Republic of Kazakhstan labor legislation.

Article 19. Compensation of loss to property of workers of internal affairs organs

Loss to property of workers of internal affairs organs, members of their family or close relatives, incurred in connection with the fulfillment of their work responsibilities or duties is compensated in full by the state, with subsequent collection of the sum of loss from the guilty parties.

Article 20. Labor wages of workers of internal affairs organs

Salaries for the appropriate categories of duties within the internal affairs organs are set by the Republic of Kazakhstan Cabinet of Ministers.

Article 21. Medical and sanatorium-health resort services provided to workers of the internal affairs organs

Workers of the internal affairs organs and members of their families have the right to a guaranteed level of medical aid, which may be provided at any medical institution of their choice in the Republic of Kazakhstan.

Workers of the internal affairs organs and members of their families enjoy the right to priority sanatorium-health resort and medical-social provision, medication and prosthetic-orthopedic service.

Article 22. Additional guarantees of social protection of the workers of internal affairs organs

The Republic of Kazakhstan Cabinet of Ministers and the organs of executive power have the right to establish additional guarantees of legal and social protection for the rank-and-file and administrative staff of the internal affairs organs who perform their duties under specific conditions.

Article 23. Right of workers of internal affairs organs to protect their professional interests

The workers of internal affairs organs may create public associations for the purpose of protecting their professional, labor, and socio-economic rights and interests in the order established by law.

Section V. Financial and material-technical provision of the internal affairs organs

Article 24. Financing the internal affairs organs

Financing the internal affairs organs is performed at the expense of the republic and local budgets, funds contributed by the ministries, departments, enterprises, other legal and physical persons, and other sources, in the order established by the Republic of Kazakhstan Cabinet of Ministers.

For purposes of development of the material-technical base of the subsections of internal affairs organs, material stimulation of the workers, and improvement of their living conditions, additional funds are also used, which are obtained from:

—withholdings from the sums of loss compensated to the state, and funds received from the sale of property passing to state ownership by court order;

—services rendered by internal affairs organs on a contractual basis;

—voluntary contributions by enterprises, organizations, and citizens;

—withholdings from commercial insurance companies and organizations of the Republic of Kazakhstan;

—organizations and private individuals who have contracted for the protection of public order during implementation of mass measures of a commercial character;

—withholdings from sums contributed by internal affairs organs for providing paid services to legal and physical persons, and other collections established in legal order.

The local organs of power may allocate supplementary funds from their budgets to maintain an additional number of internal affairs organs.

Article 25. Material-technical provision of the internal affairs organs

The order and standards of material-technical provision of subsections of the internal affairs organs are established by the Republic of Kazakhstan Cabinet of Ministers.

Motor vehicles, radio-electronic devices, sound and video equipment, computers, office equipment and other property seized from criminal groups and confiscated by court order may be used for development of the material-technical base of the internal affairs organs.

Local organs of power present office space free of charge to the subsections and institutions of the internal affairs organs, and to the militia sectorial inspectors—facilities for performing work on the sectors which they serve, furnished and equipped with means of communication.

The appropriate ministries, departments, enterprises, institutions and organizations provide work facilities, transport, as well as property necessary for their normal functioning, to subsections of internal affairs organs which are supported through funds received on a contractual basis.

The internal affairs organs in railroad, water and air transport, and subsections of internal affairs organs at special facilities are provided free of charge with equipped service facilities, means of communication, and motor transport at the expense of the appropriate departments, which also bear expenditures for their operation.

During installation of service telephones, including radio telephones, and in assignment of numbers for automatic telephone stations by the Republic of Kazakhstan Ministry of Communications for subsections and institutions of the internal affairs organs, the latter are excused from paying funds for share participation in development of the communications networks.

Section VI. Assistance to internal affairs organs and control over their activity

Article 26. Assistance of state organs, public associations, labor collectives and citizens in fulfillment of the tasks of the internal affairs organs

The organs of state power and administration, public associations, labor collectives and citizens must give assistance to the internal affairs organs in protecting the rights of the individual and public order, and in fighting crime.

Article 27. Control over adherence to legality in the activity of the internal affairs organs

Control over the precise and uniform fulfillment of laws in the activity of the internal affairs organs is implemented by the Republic of Kazakhstan Procurator General and his subordinate procurators.

[Signed] **Republic of Kazakhstan President N. NAZARBAYEV**
Alma-Ata, 23 June 1992

Decree on Implementation

925D0732B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 6 Aug 92 p 3

[Republic of Kazakhstan Supreme Soviet Resolution, "On Implementation of the Republic of Kazakhstan Law, 'On Internal Affairs Organs of the Republic of Kazakhstan'," signed by Republic of Kazakhstan Supreme Soviet Chairman S. Abdildin in Alma-Ata on 23 June 1992]

[Text] The Republic of Kazakhstan Supreme Soviet hereby **resolves:**

1. That the Republic of Kazakhstan law, "On Internal Affairs Organs of the Republic of Kazakhstan" shall become effective as of 15 July 1992.

2. That the Republic of Kazakhstan Cabinet of Ministers shall:

implement measures for the financial, material-technical and social-domestic provision of the internal affairs organs of the Republic of Kazakhstan;

prepare and introduce for review by the Republic of Kazakhstan Supreme Soviet proposals on bringing the legislative statutes of the Republic of Kazakhstan into line with the present law;

bring the decisions of the Republic of Kazakhstan government into line with the law, "On Internal Affairs Organs of the Republic of Kazakhstan."

3. That the Republic of Kazakhstan Ministry of Internal Affairs bring its normative statutes into line with the present law.

[Signed] **Republic of Kazakhstan Supreme Soviet Chairman S. ABDILDIN**
Alma-Ata, 23 June 1992

Law on Immigration Published

Text of Law

935D0016A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 25 Aug 92 p 2

[Text of "The Republic of Kazakhstan Law On Immigration"]

[Text]

Chapter 1. General Provisions

Article 1. The Right of Citizens To Migrate

Citizens of the Republic of Kazakhstan have the right to change their place of residence within the republic, to move to a different country, and to return. Countrymen living abroad can freely return to their historic homeland, to the Republic of Kazakhstan.

Article 2. The Place of the Law On Immigration

1. The Republic of Kazakhstan shapes its external migration policy on the basis of generally accepted norms of international law and in conformity with the interests of the state and its people. The Law on Immigration is a constituent part of this policy.

2. Exit from and entry into the Republic of Kazakhstan and transit travel across its territory are regulated by special laws as well as enactments of the Cabinet of Ministers of the Republic of Kazakhstan.

Article 3. The Purpose of the Law on Immigration

The Republic of Kazakhstan Law on Immigration is the legal foundation for regulation and purposeful and organized support of resettlement to the republic and creation of necessary living conditions in the new place for refugees and for persons and families returning to their historic homeland.

Article 4. The Political-Legal Foundations of the Law on Immigration

The political-legal foundations of the Republic of Kazakhstan Law on Immigration are the Constitution of the Republic of Kazakhstan, the Declaration of State Sovereignty of the Kazakh SSR, and the Republic of Kazakhstan Law on the State Independence of the Republic of Kazakhstan. The present Law begins from them and serves the purpose of realizing them.

Article 5. Legislation on the Immigration Service

The activities of the immigration service and organs and their tasks and priorities are regulated by the Republic of Kazakhstan Law on Citizenship, the present Law, and other enforceable enactments of the Republic of Kazakhstan adopted on their basis as well as by interstate agreements.

Article 6. Establishment of the Immigration Quota

1. The President of the Republic of Kazakhstan, on submission by the Cabinet of Ministers of the Republic of Kazakhstan, establishes an immigration quota for each calendar year which determines the maximum number and types of immigrants and indicates the countries from which they come, the material-financial resources necessary for their admission, housing, and adaptation, the regions where they must settle, and the types of places (institutions and enterprises) in which they should be placed for work.

2. The quota should envision differentiated allowances and a system of privileges for refugees and for repatriates who were forced to leave the republic during the periods of repression and forced collectivization and as a result of inhumane political actions and massive famine and are now returning to their country, as well as for their descendants.

3. Amendment and supplementation of the immigration quota is the prerogative of the President of the Republic of Kazakhstan.

Article 7. Subjects of Immigration

The subjects of immigration are foreigners—citizens of other states, persons who have dual citizenship (including citizenship in the Republic of Kazakhstan), and persons without citizenship, as well as their families and collective communities who have expressed a desire to move to the Republic of Kazakhstan.

Article 8. The Duties of Immigrants

Immigrants who have received an authorization for residence in the republic must comply with the Constitution and laws of the Republic of Kazakhstan and respect the state language and cultural traditions of the Kazakh people and other peoples living in the republic. Foreigners who have received authorization for residence in the republic enjoy all the rights and liberties of citizens of the republic and bear the duties envisioned by the Constitution and laws of the Republic of Kazakhstan, with the exception of exceptions envisioned by republic laws and interstate agreements.

Article 9. Foreigners Who Are Not Immigrants

Citizens of other states serving on active duty in military units stationed in Kazakhstan, employed by foreign embassies, consulates, and official offices, and living in the republic on a temporary or permanent basis under a labor or other contract or lawfully studying in school are not immigrants and their legal status is regulated by interstate and intergovernmental agreements and the norms of international law.

Article 10. Social Support of Immigrants

Social support of immigrants, including pension support, is provided in conformity with the legislation of the Republic of Kazakhstan and interstate agreements.

Chapter 2. Organs of Administration of External Migration Processes

Article 11. The Immigration Department of the Republic of Kazakhstan

1. An immigration department is formed to carry out the external migration policy of the Republic of Kazakhstan and the Law on Immigration and for permanent ties with the Kazakh diaspora abroad.

Article 12. The Right of the Republic Immigration Department to Conclude Agreements

1. The Cabinet of Ministers of the Republic of Kazakhstan and by its charge the immigration department has the right, based on the immigration policy of the Republic of Kazakhstan, to conclude agreements with governmental organs, departments, enterprises, institutions, and organizations of other states on issues and conditions of voluntary resettlement to the Republic of Kazakhstan of families and persons of the indigenous nationality and of persons originally from Kazakhstan who were at one time forced to leave the republic, regardless of their nationality. These agreements regulate the property rights of settlers and other questions related to the obligations of the parties as to their material support, including the possibility of driving livestock across the border.

2. Concern for the national diaspora, their voluntary resettlement to their ancestral lands, their adaptation and job placement, and creating privileged, appropriate material and domestic living conditions for them in their new place is assigned to the government, its immigration department, and the local administrative organs of the republic.

Article 13. On Formation of the State Immigration Fund

A State immigration Fund to assist and support refugees and settlers is formed:

a) from money allocated from the republic budget and local budgets, nationality societies and cultural centers, voluntary deductions of enterprises, organizations, and associations of entrepreneurs, and the contributions—including hard currency—of foreign and domestic organizations and private persons;

b) from the republic Land Fund;

c) from living space allocated by the state on a centralized basis and by local organs as well as space acquired by local administrations on contract conditions from persons leaving the republic;

d) from goods and monetary capital allocated by the states whose citizens are resettling to Kazakhstan.

The procedure for forming and using the State Immigration Fund is determined by the Cabinet of Ministers of the Republic of Kazakhstan.

Article 14. The Procedure for Reviewing Petitions to Settle in the Republic of Kazakhstan

1. The immigration department, on the submission of republic offices abroad and central and local administrative organs as well as on its own initiative, reviews the petitions of foreigners and their families who are petitioning to resettle to the republic and makes decisions on them in conformity with the established quota.

Internal affairs organs issue the appropriate documents—permanent or temporary authorizations for residence in the republic—and carry out related actions with them on the basis of the decision of the immigration department.

2. The document which gives refugees and settlers the right to residence is the basis for receiving allowances and other means of support envisioned by the laws and statutes on immigrants and for receiving a residence permit, job placement, and registration with internal affairs organs.

3. The immigration department and its local officials are obliged to familiarize persons moving to reside in the

Republic of Kazakhstan with their rights and duties under the present Law, to create conditions for them to be realized, and to monitor their performance.

Article 15. The Mandatory Character of Decisions of the Immigration Department

1. The decisions of the immigration department on questions of persons' resettlement to the republic, their location, and their housing arrangements, adopted within the limits of the quota and based on the declarations of enterprises and organizations, including those in the private sector, have mandatory force and are subject to compliance by all organs of sectorial and local administration and enterprises and institutions regardless of form of ownership.

Materials concerning directors of administrations, organizations, and institutions which have refused to carry out these lawful decisions or have not ensured their realization are turned over to the court in the place where they are located. The court reviews these files within 10 days. Guilty parties are accountable in conformity with the law.

Article 16. The Duties of Institutions, Enterprises, and Organizations to the Immigration Department

Enterprises, institutions, and organizations are obliged to give the immigration department notice as follows: employers—when a labor contract with immigrants is being terminated ahead of schedule; educational institutions—when immigrants interrupt their studies or transfer to other educational institutions; law enforcement organs—when immigrants violate republic laws or when unlawful actions are committed against them; and organs of rayon (or city) administration—when an immigrant leaves the area subordinate to them ahead of schedule.

Chapter 3. Types of Immigration

Article 17. Refugee Status

1. The granting of refugee status to a foreigner who has petitioned to immigrate to the republic is decided in each concrete case by the immigration department.

2. Members of the Kazakh diaspora who are living in other states and are forced to return to the Republic of Kazakhstan because of persecution and pressure, restrictions on their rights and liberties, or because of a justified fear of the same, as well as for considerations of reuniting with their historic homeland, are granted the status of refugee.

3. Countrymen and persons of the indigenous nationality who have left the territory of the Republic of Kazakhstan because of repressions, forceful measures, and persecution as well as prisoners of war and their descendants who are now returning to their homeland are granted the status of refugee-repatriate.

All other persons who are resettling to the Republic of Kazakhstan for various reasons have the status of immigrant.

Article 18. The Offering of Political Asylum

1. The decision for the Republic of Kazakhstan to offer political asylum to persons of foreign states is decided in each concrete case by the President of the Republic of Kazakhstan.

2. A demand by a foreign state to return or turn over a person who has received political asylum is reviewed by the President of the Republic of Kazakhstan. The President of the Republic of Kazakhstan, if he considers it necessary, may turn the matter over to a special commission that he forms or to a court to determine the involvement and degree of accountability for general criminal actions of the person who has received political asylum in the republic.

Article 19. Collective Immigration

Collective immigration is allowed on the same grounds and motives as immigration by individuals, except that the decision on it is made by the Cabinet of Ministers of the Republic of Kazakhstan.

Article 20. Family Immigration

1. Emigrants from other states who resettle to the Republic of Kazakhstan for family and family-domestic reasons are not refugees.

2. The interests of reuniting and preserving the integrity of families are an important principle underlying the decision on the question of family immigration.

Article 21. Regulation of Labor Immigration

1. Priority in regulating labor immigration belongs to attracting highly qualified specialists from abroad to provide personnel support for the structure-determining sectors of the economy and to teach local personnel.

2. Questions of attracting persons of this category on condition of resettlement to the republic are decided by the Cabinet of Ministers of the Republic of Kazakhstan.

3. Ministries, departments, enterprises, institutions, and organizations, regardless of their form of ownership, cannot on their own initiative invite and accept into jobs (including on a "tour of duty" basis) citizens of other states who do not have an authorization for residence in the republic and persons whose labor migration is not envisioned in bilateral interstate agreements.

4. A foreigner who is in the republic on a labor immigration basis not involving a change of citizenship must have a permanent place of residence outside of the Republic of Kazakhstan, if interstate agreements have not envisioned otherwise.

Chapter 4. The Authorization for Residence

Article 22. Classification of Authorizations for Residence

1. Authorizations for residence in the Republic of Kazakhstan are divided into temporary and permanent.

2. The question of issuing an authorization for residence to settlers of all categories is decided by the immigration department.

Article 23. The Temporary Authorization for Residence

1. The temporary authorization for residence is issued to persons who have received refugee status by established procedures and to persons who are resettling under interstate agreements.

2. The temporary authorization for residence issued to refugees and settlers may be probationary. During this period they must undergo adaptation in new conditions, acquire labor skills that assure them of a minimum standard of living, and demonstrate positive moral qualities and a respectful attitude toward the constitutional order of the Republic of Kazakhstan.

3. The temporary authorization for residence is issued for a period of up to 5 years. Where necessary the authorization for residence is extended for a period of up to 3 years. The effective period of a temporary authorization for residence may be terminated at the initiative of the person who possesses the authorization for residence or on the petition of the receiving organization as well as on the initiative of the immigration department.

4. A foreigner who has entered into marriage with a persons living permanently in Kazakhstan is issued an authorization for residence when they receive the entry visa. The decision for them to acquire a permanent authorization for residence is made in the manner provided in the present Law.

5. A foreigner whose authorization for residence has expired but who wishes to continue living in Kazakhstan after his labor contract has terminated or his study is concluded may petition to be granted an authorization for permanent residence, on the condition that there are no obstacles on the part of the state whose citizen he is.

6. Upon expiration of authorizations for residence or when they are terminated early, and also in relation to persons living in the Republic of Kazakhstan without an authorization for residence, internal affairs organs order these persons to leave the republic at a set time. The internal affairs organs are expected to monitor performance of such a decision.

Article 24. The Permanent Authorization for Residence

1. The permanent authorization for residence is usually issued to an immigrant who petitions for it upon the expiration of 3 years of temporary residence in the republic.

2. Refugees and settlers who come to the Republic of Kazakhstan as their historic homeland are granted permanent authorizations for residence without the set probationary period. Their acquisition of citizenship is done in conformity with the Republic of Kazakhstan Law on Citizenship of the Republic of Kazakhstan.

3. The authorization for permanent residence may be granted to other immigrants also, on an exceptional basis, at the discretion and decision of the immigration department, without their going through the 3-year period of temporary residence in the republic.

Article 25. Grounds for Refusal To Issue an Authorization for Residence

1. The authorization for residence is not issued:

—to illegal immigrants and to refugees and settlers who are wanted for general criminal acts under the laws of the countries from which they came;

—to persons who have been freed from places of incarceration whose permanent place of residence before commission of the crime was outside the boundaries of Kazakhstan;

—to persons who have committed crimes against humanity or have discredited themselves by direct or indirect participation in them;

—for other reasons with a substantiated decision of the immigration department.

2. Refusal to issue an authorization for residence may be appealed in the Cabinet of Ministers of the Republic of Kazakhstan or to the court, whose decision is final.

Article 26. Accountability for Legalization of Illegal Immigrants

1. Illegal immigrants are citizens of other states and stateless persons who are in fact in Kazakhstan on their own, without proper permission, and without receiving an authorization for residence or having received it dishonestly.

2. In cases where illegal immigrants are hired for work and receive residence permits (registration), materials on the employer, regardless of the form of ownership, and persons responsible for the registration are turned over to the court by the immigration department or internal affairs organs. The court imposes a fine of 3,000-10,000 rubles [R] on guilty persons. If the offense is repeated within a year a fine of R10,000-20,000 is imposed.

Chapter 5. Other Legal Provisions

Article 27. The Accountability of Immigrants Who Have Committed Administrative Offenses or Crimes

1. An immigrant who has violated the laws of the Republic of Kazakhstan may be, depending on the gravity of the offense, brought to administrative or

criminal accountability and deprived of the authorization for residence. The decision to take away the authorization for residence is made by the rayon administration or immigration department. It can be appealed to the court.

2. A foreigner who has committed a crime is accountable in conformity with the criminal laws of the Republic of Kazakhstan and is deprived of the authorization for residence, if not provided otherwise by the norms of international law and interstate agreements.

Article 28. Transactions with Real Property

The buying and selling of residential buildings, including through exchanges and auction, and the exchange of residential structures (apartments) between persons living in different states is done in the manner prescribed by the civil, housing, and other law of the Republic of Kazakhstan or by interstate agreements.

Article 29. Resolution of Disputes

Disagreements that arise within the framework of the present Law between the immigration services and immigrants are decided by the immigration department, while disputes between enterprises (organizations) and immigrants are decided by the head of the local administration. An immigrant whose claims are not satisfied has the right to appeal to court.

Article 30. Priority of Interstate Agreements

In case of a conflict between the norms of the present Law and interstate agreements the norms of the interstate agreements are effective.

[Signed] **N. NAZARBAYEV**, president of the Republic of Kazakhstan

Alma-Ata, 26 June 1992

Decree on Implementation

935D0016B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 25 Aug 92 p 2

[Text of "Decree of the Supreme Soviet of the Republic of Kazakhstan On Implementation of the Republic of Kazakhstan Law 'On Immigration'"]

[Text] In connection with adoption of the Republic of Kazakhstan Law on Immigration the Supreme Soviet of the Republic of Kazakhstan **decrees**:

1. The Republic of Kazakhstan Law "On Immigration" is to be put into effect as of 1 December 1992.

2. It is recommended that the President of the Republic form an immigration department and define its status and place in the system of republic administrative organs.

3. Before 1 August 1992 the Cabinet of ministers of the Republic of Kazakhstan should:

—ratify the statute on an immigration department;

—work out a plan for the second half of 1992 for the admission and placement of refugees returning to their historic homeland;

—ratify the statute on the State Immigration Fund of the Republic of Kazakhstan;

—adopt a special decree on the procedure for forming the immigration land fund to organize settlements and group economic activities by refugees and immigrants;

4. The Cabinet of Ministers is obligated before 1 October 1992:

—to work out and ratify a program of comprehensive measures aimed at realization of the Republic of Kazakhstan Law "On Immigration";

—to carry out an analysis of the social-domestic condition of refugees who moved to the republic in 1991 and the first half of 1992, and take concrete steps to improve their living conditions.

[Signed] **S. ABDILDIN**, Chairman of the Supreme Soviet of the Republic of Kazakhstan

Alma-Ata, 26 Aug 1992

Law on Protection, Support of Private Enterprise

Text of Law

935D0003A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 18 Aug 92 pp 2-3

["Law of the Republic of Kazakhstan: On Protection and Support of Private Enterprise"]

[Text] The present law determines the basic forms and means of protection of private enterprise and its support, and reinforces the policy of refraining from direct state intervention in private entrepreneurial activity, maximum freedom of private entrepreneurs, protection of trade secrets, and liability of state organs and officials for violation of the rights of private entrepreneurs.

Chapter 1. General Provisions

Article 1. The concept of private enterprise

1. Private enterprise is citizens' activity aimed at obtaining a profit or personal income through satisfaction of a demand for goods (work, services) either based on the property of the citizen himself and conducted on his behalf, at his risk, and with his property liability (individual enterprise) or on collective property and conducted on the behalf, at the risk, and under the property liability of a legal entity (collective enterprise).

2. Private enterprise does not include the activity of legal entities in which a controlling block of shares or a large proportion of shared participation belongs to the state.

3. The property of private entrepreneurs is inviolable and is protected by law.

Termination of the activity and forced liquidation of an economic subject who is a private entrepreneur can occur only by a court decision, and restriction of the activity of private entrepreneurs is inadmissible except in cases specified by the present law.

Article 2. Legislation on protection of private enterprise

1. Functions pertaining to protection of private enterprise in the Republic of Kazakhstan are regulated by the present law and other legislative acts of the Republic of Kazakhstan that do not contradict it.

2. In areas not regulated by the present law, norms of civil legislation are applied.

3. Citizens and legal entities of other states and also individuals without citizenship enjoy the same rights and bear the same responsibilities in the sphere of private enterprise as both citizens and legal entities of the Republic of Kazakhstan, with the exception of cases established by legislative acts of the Republic of Kazakhstan.

Article 3. Limits of legal regulation of private entrepreneurial activity

1. Restriction of private entrepreneurial activity may occur only regarding issues within the exclusive jurisdiction of the state: observance of legality; defense and security of society and citizens; tax, price, and antimonopoly regulation; granting of social guarantees; observance of ecological, sanitary, and fire safety norms. The main legal form of state regulation of private entrepreneurial activity are the laws and decrees of the Supreme Soviet of the Republic of Kazakhstan.

2. Legally binding acts that contradict legislative acts of the Supreme Soviet of the Republic of Kazakhstan are invalid from the moment of their adoption.

3. It is forbidden for organs of state power and administration to publish acts that establish a privileged position for state economic organs and enterprises over private entrepreneurs.

Article 4. Subjects of private entrepreneurial activity

1. A physical person (individual entrepreneurship) or group of individuals (simple partnership, labor entities or peasant farm) may operate in the form of private enterprise without forming a legal entity. The property of the group of individuals belongs to them with the rights of common property. The property of a simple partnership or labor entity belongs to its participants with general shared ownership and the property of the peasant farm—with the right of common joint property, unless otherwise specified by an agreement among the participants.

A simple partnership is formed on the basis of an agreement for joint economic activity.

2. One physical person (individual private enterprise) or a collective of physical persons or legal entities (leasing, collective, cooperative enterprise, economic partnership and joint-stock company, economic association and others) may take the form of a private enterprise with the formation of a legal entity.

3. All subjects of private enterprise have equal rights to conduct entrepreneurial activity.

Article 5. Means of protection of the rights and legitimate interests of private entrepreneurs

The rights and legitimate interests of private entrepreneurs are protected through:

—conducting entrepreneurial activity without anybody's permission except for licensed kinds of activity;

—establishing automatic registration of subjects of private entrepreneurial activity in one registration organ;

—legislatively restricting inspections of entrepreneurial activity conducted by state organs;

—establishing only by acts of the Supreme Soviet kinds of activity which are prohibited or restricted for private enterprise, including export-import operations;

—providing for judicial appeals of actions of state organs and officials who violate the rights and legitimate interests of private entrepreneurs;

—establishing legal, administrative, and property liability of officials for violation of the rights and legitimate interests of private entrepreneurs;

—making reimbursement for losses caused to a private entrepreneur by illegal actions of state organs, officials, and also other individuals and organizations;

—providing for assiduous protection of entrepreneurial activity, regardless of the subject and forms of its implementation.

Article 6. State support of the private entrepreneur

1. The state provides support for private enterprise through:

—determination of priority directions and spheres of private entrepreneurial activity and establishment of beneficial taxation on this basis;

—granting of credits to private entrepreneurs under preferential conditions;

—creation for private enterprise of beneficial conditions in foreign economic activity;

—creation and development of a state system of information support for subjects of private entrepreneurial activity;

—financing of measures for the development of private enterprise from the fund for the support and development of private enterprise.

A preferential right to the aforementioned benefits is enjoyed by entrepreneurs who conduct their activity in the sphere of material production.

2. In order to support private enterprise a state program is being implemented for support of entrepreneurship and demonopolization of the economy of the Republic of Kazakhstan. The program has territorial divisions for the various oblasts and is mandatory for execution by organs of state power and administration.

3. State enterprises have the right according to the established procedure:

—to sell and transfer to private entrepreneurs (regardless of the organizational form of their activity) to exchange, lease, grant free of charge for temporary use or loan their buildings, structures, equipment, means of transportation, supplies, raw materials and other material values;

—to create subsidiary enterprises with the rights of a legal entity based on mixed forms of ownership;

—to institute in conjunction with private entrepreneurs and other kinds of economic subjects (joint-stock companies, economic partnerships, and others) and to invest their production and monetary capital in them;

—to grant interest-free loans to private entrepreneurs.

Article 7. The fund for support and development of private enterprise

1. The fund for support and development of private enterprise is created for financial support of private enterprise.

The fund is formed with money from:

—the fund for support of enterprise and development of competition;

—the republic fund for support of youth enterprise;

—the state fund for contributing to employment;

—destatization and privatization of state property.

2. The fund for support and development of private enterprise is exempt from the payment of all kinds of taxes and duties.

3. The provisions on the fund and amounts of deductions from the aforementioned sources are approved by the president of the Republic of Kazakhstan.

Chapter II. State registration of private entrepreneurial activity

Article 8. State registration of private enterprise

1. Registration of private entrepreneurs is automatic and consists in placing them on the records as economic subjects in the rayon (city) organs of state statistics.

2. State registration as an economic subject means simultaneous registration as a subject of foreign economic activity.

3. The only time registration can be refused is if the private entrepreneur has indicated on the registration card a kind of activity that is prohibited by law. Then the registering organ must give the applicant a justified rejection in written form with an indication of the specific legislative acts that prohibit the given kind of activity.

4. Citizens conducting entrepreneurial activity without forming a legal entity are released from registration:

—as labor entities, peasant, and leasing (in agricultural production) farms;

—performing one-time work on the basis of a contract agreement and other agreements of a civil-legal nature;

—apart from the wholesale and retail trade network, engaging in the sale of their property, produced, processed, and purchased products, including imported industrial and food commodities, in places especially allotted for this and through commission stores;

—citizens whose earnings from the sale of work and services do not exceed R100,000 per year.

The Cabinet of Ministers of the Republic of Kazakhstan may augment this list.

Accounting for the aforementioned citizens as taxpayers and the procedure for their taxation are in keeping with tax legislation.

5. The activity of private entrepreneurs without state registration is prohibited with the exception of cases specified by Part 4 of the present article.

6. Citizens conducting entrepreneurial activity without the formation of a legal entity have the right to choose to meet their financial commitments to the state on the basis of the purchase of a patent. The patent is simultaneously evidence of state registration of the citizen as an economic subject and a license which gives him the right to conduct the entrepreneurial activity specified by the given patent.

The procedure for issuing patents and the sums of the patent fee are determined by the Cabinet of Ministers of the Republic of Kazakhstan.

Article 9. Procedure for state registration of private entrepreneurs

1. Registration is conducted on the basis of a registration card in the established form which is submitted by the entrepreneur to the registration organ. The card is presented by the entrepreneur personally or sent by mail.

2. The registration card for entrepreneurs who are legal entities indicates: the name of the legal entity; its organizational form; information about the founders and owners; the location of the legal entity and its postal address; the general kind of entrepreneurial activity, and the organ of the legal entity.

The card is signed by the founder of the legal entity. If the founders are legal entities, it is signed by their leaders and the signature is authenticated with a seal. If the founders are physical persons, the authenticity of the signature is certified by notarizing it (when the card is sent by mail) or by submitting a passport or other document which identifies the individual (when the card is submitted in person).

3. Indicated on the registration card of the citizen who conducts entrepreneurial activity without registering a legal entity are: surname, given name, patronymic; date and place of birth; information about the document identifying the person (serial number, document number, by whom and when it was issued); place of residence; general kind of entrepreneurial activity; when there are production premises—their location.

The card is signed by the citizen whose signature is notarized (if the card is sent by mail) or is certified by presentation of a document that certifies the individual (if the card is submitted personally).

4. When there is a change in the information indicated on the registration card, the entrepreneur must make the changes on it.

Article 10. Issuance of a certificate of state registration

1. The certificate of state registration is issued to the entrepreneur within 10 days of the application on the basis of the registration card that has been submitted and upon collection of the fee for state registration.

2. The fee for state registration is collected in the amount:

—for registration of a legal entity—R1,000;

—for registration of an entrepreneur conducting activity without the formation of a legal entity—R10.

3. For reregistration and issuance of a duplicate registration certificate a fee is paid in half the amount of the initial one.

4. When there is a correctly filled-out card and the fee is paid, rejection of registration is prohibited except in cases specified by Part 3 of Article 8 of the present law.

5. It is prohibited to place conditions on the issuance of a certificate of state registration by demanding the presentation of documents not specified by the present article (charter agreement, regulations, bank certification of the charter fund, licenses, land use document, findings of an ecological expert commission, and others) or by demanding consent (lack of objection) to form an economic subject from any state organs (sanitation, fire safety, technical supervision, internal affairs, and other organs), and to refuse registration on the basis of the inexpediency of the establishment an economic subject and performance of the activity in which it intends to engage, on the basis of doubts about the personality of the entrepreneur and a lack of trust in him, or on any other grounds not specified by the present law.

Article 11. Liability for refusal of registration

1. If an entrepreneur is not registered by the established deadline or his registration is refused, he has the right to appeal to the people's court in the location of the registering organ.

2. If the court finds that the refusal to register or to extend the deadline for registration was unjustified, it makes a decision according to which the entrepreneur is declared to be registered and the organ conducting the registration must within three days of the receipt of the court's decision issue a registration certificate to the entrepreneur.

At the same time the court imposes on the guilty official a fine in an amount of from R1,000 to R5,000.

The same violation committed by officials within a year after this punitive measure has been taken against them entails a fine in an amount of from R5,000 to R10,000 along with being fired.

3. The sums of the aforementioned fines go into the revenues of the corresponding local budget.

Article 12. The organization of state supervision and control over the activity of the registered entrepreneur

Having completed the registration of the entrepreneur, the registering organ informs the organs of state supervision and control (organs of the tax inspection, sanitation, fire safety, technical and ecological supervision, and other corresponding organs) of the appearance of the economic subject.

Chapter III. Economic activity of the private entrepreneur

Article 13. Performance of the economic activity of the private entrepreneur

1. The private entrepreneur may conduct any kind of economic activity unless it is prohibited by legislative acts of the Republic of Kazakhstan, regardless of whether or not it is specified by the charter or registration documents.

2. Private entrepreneurs independently sell the goods (work, services) they produce and acquire. They fulfill the state order on a voluntary and a contractual basis.

3. Organs of state power and administration are prohibited from:

—giving instructions to private entrepreneurs concerning the delivery of goods (performance of work, rendering of services) to particular consumers;

—establishing restrictions for private entrepreneurs on importing and exporting goods, including foodstuffs, from one region of the republic to another;

—establishing prices for goods (work, services) sold by private enterprises, including through the establishment of the amounts of trade markups or maximum levels of profitability, with the exception of cases specified by Part 2 of Article 18 of the present law.

Article 14. Legal ensurance of the freedom of private entrepreneurial activity

In order to ensure freedom of private entrepreneurial activity, the private entrepreneur is guaranteed an opportunity to exercise the following rights:

—to create any kinds of enterprises whose organization does not contradict legislative acts of the Republic of Kazakhstan;

—to acquire fully or partially the property of state enterprises and enterprises based on other forms of ownership, other property, and property rights related to it. Upon transfer of the right to ownership of structures and installations (including incomplete construction), along with these objects is transferred the right to own and the right to use plots of land according to the procedure and under the conditions established by the Land Code of the Republic of Kazakhstan;

—to participate with his property and property acquired on a legitimate basis in the activity of other economic subjects;

—to use the property of legal entities and citizens with the agreement of the parties;

—to hire and fire any number of workers under the conditions of a contract or other conditions that do not contradict legislation of the Republic of Kazakhstan;

—to establish forms, systems, and amounts of wages and other kinds of income of hired workers;

—to form a program of economic activity, to select suppliers and consumers of products (work, services) that are produced, and to perform on a contractual basis work and deliveries for state needs;

—to independently set prices, rates, and tariffs for goods (work, services) sold, with the exception of cases specified by Part 2 of Article 18 of the present law;

—to open accounts in banks for keeping monetary funds and conducting all kinds of settlement, credit, and cash operations;

—to freely dispose of profit (income) from entrepreneurial activity remaining after the payment of taxes and other mandatory payments;

—to receive unrestricted amounts of income;

—to choose various systems of social security and social insurance (state or nonstate);

—to appeal in keeping with the established procedure the actions of state and other organs that encroach upon his rights or legitimate interests;

—to participate in foreign economic relations and conduct currency operations;

—to carry out other actions related to entrepreneurial activity unless they contradict legislation of the Republic of Kazakhstan.

Article 15. Obligations of the entrepreneur when conducting entrepreneurial activity

The private entrepreneur is obliged:

—to conclude in keeping with labor legislation agreements (contracts) with citizens applying for work and also, at the request of the labor collectives—collective agreements;

—not to hinder the association of hired workers into trade unions for protection of their socioeconomic interests;

—to pay wages to individuals working for hire at a level no less than the minimum amounts established by legislative acts;

—to conduct measures for providing for ecological safety, protection of labor, technical safety, industrial hygiene and sanitation, guided by existing statutes and norms;

—to pay taxes promptly and fully and to meet other financial obligations to the state;

—to obtain special permission (license) for activity in spheres subject to licensing in keeping with legislation of the Republic of Kazakhstan;

—to observe other requirements specified by legislation of the Republic of Kazakhstan.

Article 16. Licensing private entrepreneurial activity

1. The kinds of entrepreneurial activity subject to licensing and also the procedure for this are determined by the Supreme Soviet of the Republic of Kazakhstan.

2. The license is issued by a state organ authorized for this upon application from an interested subject no later than a month from the day the application is submitted.

3. In cases where the available documents concerning education, specialty, qualifications and the condition of the technical means to be operated (equipment, mechanisms, means of transportation, and others) indicate a level at which the entrepreneurial activity will not threaten the safety of society, the environment, or the life and health of citizens, the license is issued on the basis of the documents that have been submitted without any additional checking.

4. It is possible to refuse to issue a license on grounds specified by legislation of the Republic of Kazakhstan.

Then the applicant is given a justification for the refusal in writing.

5. If the license has not been issued within the time period established by the present article or the refusal presented to the entrepreneur is unjustified, he has the right to submit a appeal to the people's court in the place where the organ issuing licenses is located.

6. If the court establishes that the refusal was unjustified it makes a decision to issue the license, which must be carried out by the organ that issues licenses within three days after the court decision is received.

At the same time the court collects from the party at fault a fine in an amount of from R1,000 to R5,000. The same fine is collected if there is a violation of the time period set for issuing the license.

These same actions, if they are repeated within a year after the imposition of the penalty, entail a fine in an amount of from R5,000 to R10,000.

7. Licensing of foreign economic activity is conducted in keeping with Article 19 of the present law.

8. A fee of R500 is charged for issuing a license.

Article 17. Banking service for private entrepreneurs

1. Relations between banks and their clients are contractual in nature. Payment for banking services, the amount of the commission remuneration for bank operations, and the interest rates for their credit are determined by an agreement of the parties.

2. Private entrepreneurs independently select banks for credit and clearing and cash services and they may provide service in all kinds of banking operations at their discretion in one or several banks, including foreign ones, and open accounts in banks, including with foreign currency.

3. Private entrepreneurs independently dispose of the monetary funds in their bank accounts, making settlements with their contracting parties in both cash and noncash forms and in both national and foreign currencies.

Private entrepreneurs receive their monetary funds from the banks serving them in any form that is acceptable to them (cash money, checks, bills of exchange, and other payment documents) at the first demand without restriction, within the limits of the funds available in their accounts. In the event that the bank fails to meet the client's demands for the issuance of money, it pays him a penalty in the amount of 0.5 percent of the sum that was not issued for each day of delay.

4. Restrictions on the activity of commercial banks and their operations on social, anti-inflation, and other emergency grounds, including the establishment of restrictions on the clients' use of the money in their bank accounts (freezing accounts and deposits), restrictions on the issuance of cash money, restrictions on the volume of the banks' credit investments, the establishment of limits on the change in interest rates for their operations with assets and liabilities, and limits on commission remuneration, which worsen the conditions for banking service for private entrepreneurs may be established by the Supreme Soviet of the Republic of Kazakhstan for a period of no more than a year.

Article 18. Prices for goods produced by private entrepreneurs

1. Private entrepreneurs sell their goods (work, services) both from their own production and acquired on the side at prices (rates, tariffs) established independently or on a contractual basis.

2. Direct state regulation of prices of goods produced by a private entrepreneur is allowed in cases of unscrupulous use by the entrepreneur of his monopolistic position in the market.

State prices are established in order to prevent taking advantage of a monopoly to raise prices according to the procedure specified by antimonopoly legislation.

Article 19. Foreign economic activity of private entrepreneurs

1. Private entrepreneurs may engage in any kinds of foreign economic activity except those specifically prohibited by law, conduct export and import operations, and conduct currency transactions with foreign contracting parties.

2. Foreign economic activity of private entrepreneurs may be prohibited only if export and import operations involve activity prohibited by the law for all kinds of entrepreneurs, including state.

3. Export operations may be licensed in the following cases:

—if the performance of export operations involves the kind of entrepreneurial activity which requires licensing on the domestic market;

—if the objects of export are counted as the exclusive property of the state;

—if the production and sale of the given item constitute a state monopoly.

4. Quotas are not established and a licensing procedure is not introduced for shipping in (importing) goods, and this is done by the private entrepreneurs without special permission or restrictions in in-kind or monetary terms, with the exception of items whose importation is either directly prohibited by law or special rules have been established for them for purposes of ensuring the defense of the state and the security of society and citizens.

A list of the kinds of goods whose importation is banned and also goods which are imported with special permission as well as the procedure for issuing these permits are determined by the Supreme Soviet of the Republic of Kazakhstan.

5. Importing, exporting, or sending foreign currency in and out of the country are done by private entrepreneurs freely, without restrictions on the amount.

Article 20. State control and supervision of the activity of private entrepreneurs

1. State control and supervision must not create an impediment to the private entrepreneurial activity.

2. The right to control and supervision may be exercised only by those state organs and officials to whom this right has been especially granted by law.

3. Auditing of the financial and economic activity of private entrepreneurs by state organs may occur only with the consent of the entrepreneurs themselves, with the exception of audits conducted in connection with criminal cases.

4. Inspections by state tax, sanitation, and other inspection teams and organs of state control and supervision are conducted strictly in keeping with their jurisdictions. Entrepreneurs have the right to refuse to meet the requirements of these organs regarding issues that are not within their jurisdiction and not to show them materials that do not relate to the subject of their activity.

Inspections of investigation and inquiry organs may be conducted only according to the procedure for search and investigation actions regarding criminal cases.

5. Confiscation and removal of original bookkeeping and other documents are prohibited. In exceptional cases they are allowed as a measure for interdiction of ongoing legal violations or as evidence for a criminal case.

Chapter IV. Protection of trade secrets

Article 21. Protection of trade secrets

1. A trade secret is understood to mean information that is not a state secret and is related to production, technological information, management, finances, and other activity of the economic subject, which if made public (related, leaked) could cause harm to their interests. The composition and volume of information constituting a trade secret are determined by the economic subjects, of which interested individuals are notified in writing.

2. The protection of trade secrets consists in prohibiting the divulgence of information indicated in the Part 1 of the present article, that is prohibiting the dissemination of information among a definite or unspecified group of people in any form that can be understood and also a ban on the transfer of this information to another individual.

3. An individual who has illegally obtained information constituting a trade secret does not have the right to use it for his own selfish purposes if this use can cause harm to the subject with the right to the trade secret.

The prohibition does not apply to economic subjects using production, organizational, financial, and other innovations constituting a trade secret of another economic subject if the corresponding information has been obtained without violating the conditions for trade secrets.

Article 22. The obligation of state organs and officials to protect a trade secret

1. State organs and their officials are obliged not to divulge information pertaining to a trade secret obtained during registration of economic subjects, inspection of their activity, monitoring of their working conditions, or performing other actions ensuing from the functions of the corresponding organs.

When performing registration, inspection, or control functions, state organs and officials do not have the right to demand access to information constituting a trade secret, except that which is necessary to perform the tasks facing them. The same restrictions apply when various reference materials, information, or other figures are presented to state organs.

2. Law enforcement organs obtain access to information constituting a trade secret on the basis of a sanction from the procurator, a decree of investigatory organs on a criminal case, or on the basis of a court decree.

Materials pertaining to a trade secret and used by law enforcement organs in detection measures, inquiries, and investigations in judicial proceedings are not to be divulged.

Article 23. Information that does not constitute a trade secret

1. Information in state statistical accountability and also that pertaining to those aspects of the activity of economic subjects which is an object of state control and supervision does not constitute a state secret.

2. An economic subject must grant his workers, stockholders, share holders, and other corresponding individuals access to information which makes it possible to verify the correctness of the calculation of their earnings,

remuneration under contract, author's honorarium, and dividends and to determine their share of the property, incomes, and profit.

3. A legislative or charter document may establish a list of information subject to mandatory publication or mandatory availability to stockholders, members (participants) of an economic partnership, or other particular group of individuals.

This information includes, in particular, figures contained in the state register, balance sheet results of annual business activity, including the carry-over balance, the sum of the charter fund, the consolidated sums of accounts payable and accounts receivable, the profit and loss balance, and information subject to publication according to the rules of state statistical accountability.

4. In order to prevent concealment of information regarding questions which, in keeping with Part 1 of Article 3 of the present law, are under the exclusive jurisdiction of the state, the Cabinet of Ministers of the Republic of Kazakhstan makes a list of kinds of activity, information about which does not constitute a trade secret.

Chapter V. Liability for wrongfully hindering entrepreneurial activity

Article 24. General grounds and forms of liability for wrongful violation of the rights and legitimate interests of entrepreneurs

1. Actions of state organs or their officials leading to the impossibility of conducting free entrepreneurial activity, to restriction of its volume or sphere of application of its individual varieties, and to other impediments to entrepreneurship entails liability of these organs and officials as established by legislative acts.

The liability does not apply if the actions restricting entrepreneurial activity are directly prescribed or permitted by the present law or other legislative acts of the Republic of Kazakhstan.

2. Prohibitions of state organs or officials that are not based on law and restrict entrepreneurial activity are invalid and should not be honored.

All losses sustained by economic subjects as a result of wrongful hindrance of their entrepreneurial activity are subject to reimbursement through suits filed in the courts by these subjects in full volume, including income they failed to receive. The fines specified in Articles 27-30 of the present law are collected according to the same procedure.

If a wrongful action was committed by state organs or officials, the losses are reimbursed from funds of the corresponding budget. These budgets are also the source of payment of fines imposed on organs of state administration with budget financing on the grounds specified by Articles 27-30 of the present law.

Article 25. Liability for hindering entrepreneurial activity

In the event that state organs or their officials commit actions that impede the conduct of entrepreneurial activity (unjustified refusal of registration, violation of the deadline for issuing certificate of registration; refusal to issue a license or patent, violation of the deadline for issuing them; unjustified delay in allotting a plot of land, without which the corresponding entrepreneurial activity is impossible; unjustified complete or partial termination or halting of entrepreneurial activity, and other cases), the volume of losses subject to reimbursement must include the profit the economic subject would have received with normal performance of this activity.

Article 26. Liability for violating the established procedure for inspecting entrepreneurial activity

In the event of violation by a state organ or its official of the established procedure for inspecting entrepreneurial activity (unnecessary confiscation of documents, inventory of material values, halting of production, compilation of surplus references and explanations, unjustified demands, and other cases), the volume of losses claimed for reimbursement may include sums of remunerations paid to workers of enterprises for preparing materials for the inspection, wages during the time of forced halting of production, missed advantage which the economic subject would have gained upon the sale of the corresponding goods (work, services) which were not produced as a result of the halting of production.

Article 27. Liability for unjustified taxation

In the event of unjustified forced collection from the economic subject of taxes and other mandatory payments and also in the event of unjustified imposition of fine sanctions for violation of tax legislation against the economic subject, if he wins his case against the organ collecting these penalties, all surplus sums are returned to him with interest at the rate in effect at the given time from money from the corresponding budget (fund).

Article 28. Liability for divulging a trade secret

When state organs or officials violate the requirement to protect a trade secret, the injured economic subject, in addition to reimbursement for losses in the full volume, has the right to exact from them a fine in an amount from R5,000 to R10,000.

Such a fine in addition to reimbursement for losses may be recovered by the economic subject from an individual who has illegally received and used in his own interests knowledge which has been a trade secret.

Article 29. Liability for violation of the right of industrial ownership

From individuals who have illegally (without obtaining permission from the owner) used someone else's trademark, firm name, industrial model, invention, or other objects of industrial property protected by patents or special registration, the injured economic subject, in

addition to full reimbursement for losses, has the right to collect a fine in an amount from R5,000 to R10,000.

Article 30. Liability for other cases hindering entrepreneurial activity

From individuals unjustifiably hindering the performance of entrepreneurial activity through artificially creating impediments to the production or sale of products (work, services), deceiving the consumers of the products (work, services), extorting money or objects from economic subjects, or performing other illegal acts, the injured economic subject, in addition to full reimbursement for losses, has the right to demand a fine in an amount of from R5,000 to R10,000.

[Signed] President of the Republic of Kazakhstan N. NAZARBAYEV
Alma-Ata, 4 July 1992

Decree on Implementation

935D0003B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 18 Aug 92 p 3

["Decree of the Supreme Soviet of the Republic of Kazakhstan: On Procedure for Implementaion of the Law of the Republic of Kazakhstan 'On Protection and Support of Private Enterprise'"]

[Text] 1. The Supreme Soviet of the Republic of Kazakhstan decrees:

1. To enact the law of the Republic of Kazakhstan "On Protection and Support of Private Enterprise"—effective 1 August 1992;

Article 17—effective January 1993.

2. To the Cabinet of Ministers of the Republic of Kazakhstan:

—to bring decisions of the government of the Republic of Kazakhstan into line with the law of the Republic of Kazakhstan "On Protection and Support of Private Enterprise";

—to provide for revision and abolition by ministries, state committees, and departments of the Republic of Kazakhstan of their normative acts that contradict the aforementioned law;

—to submit to the Supreme Soviet of the Republic of Kazakhstan proposals for bring existing legislative acts of the Republic of Kazakhstan into line with the law of the Republic of Kazakhstan "On Protection and Support of Private Enterprise" before 1 October 1992.

[Signed] Chairman of the Supreme Soviet of the Republic of Kazakhstan S. ABDILDIN
Alma-Ata, 4 July 1992

Law on Protection, Support of Private Enterprise

925D0701 Moscow DELOVOY MIR in Russian 25 Aug 92 pp 14-15

[Text of law: "Law of the Republic of Kazakhstan on the Protection and Support of Private Enterprise"]

[Text] *This law defines the basic forms and methods of protecting private enterprise, and codifies the policy of rejecting direct state intervention in private business activity and its support, the maximum freedom for private businessmen, the guarding of commercial secrecy and the liability of state bodies and officials for violating the rights of private businessmen.*

Section I. GENERAL PROVISIONS

Article 1. The Concept of Private Enterprise

1. Private enterprise is the activity of citizens aimed at obtaining profit or personal income via the satisfaction of demand for goods (work, services) based either on the ownership of the citizen himself and accomplished in his name at his own risk and under his own material responsibility (individual enterprise), or based on collective ownership and accomplished in the name and under the material responsibility of a legal person (collective enterprise).

2. The activity of legal persons, a controlling bloc of stock or a large part of the share participation in which belongs to the state, is not considered to be private enterprise.

3. The property of private businessmen is inviolable and is protected by law.

A stoppage of the activity and the forced liquidation of an economically active person, being a private businessman, can occur only by decision of a court. Restrictions on the activity of private businessmen are not permissible, aside from the cases that are provided for by this law.

Article 2. Legislation on the Protection of Private Enterprise

1. Relations to protect private business in the Republic of Kazakhstan are regulated by this law and other acts of legislation of the Republic of Kazakhstan that do not contradict it.

2. The norms of civil legislation are applied in areas not regulated by this law.

3. Citizens and legal persons of other states, as well as individuals without citizenship, enjoy the same rights and bear the same obligations in the sphere of private business as the citizens and legal persons of the Republic of Kazakhstan, with the exclusions stipulated by the legislation of the Republic of Kazakhstan.

Article 3. Limits of Legal Regulation of Private Business Activity

1. Restriction of private business activity can occur only on issues pertaining to the exclusive jurisdiction of the state: observance of legality, defense and security of society and citizens, tax, pricing and anti-monopoly regulation, the offering of social guarantees and the observance of ecological, health-safety and fire-safety standards. The basic legal form of state regulation of private business activity is the laws and decrees of the Supreme Soviet of the Republic of Kazakhstan.

2. Legally binding acts that contradict the legislative acts of the Supreme Soviet of the Republic of Kazakhstan are not valid from the moment of their adoption.

3. The promulgation of acts that stipulate the privileged position of state economic bodies and enterprises compared to private businessmen by the bodies of state power or administration is prohibited.

Article 4. The Subjects of Private Business Activity

1. A natural person (individual business) or a group of individuals (simple partnership, labor and peasant holdings) may act in the form of private business without the formation of a legal person.

The property of a group of individuals belongs to them with the right of common ownership. The property of a simple partnership or labor holding belongs to its participants with the right of common, shared ownership, and the property of a peasant holding with the right of common, joint ownership, if the contract among the participants does not stipulate otherwise.

A simple partnership is formed on the basis of joint business activity.

2. A single natural person (individual private business) or a collective of natural or legal persons (leased, collective or cooperative enterprise, business partnership and joint-stock company, business association and others) may act in the form of private business with the formation of a legal person.

3. All subjects of private business have various rights to the implementation of business activity via:

Article 5. Means of Protection of Rights and Legal Interests of Private Businessmen

The rights and legal interests of private business men are protected by means of:

1) the implementation of business activity without the receipt of any permission, aside from licensed types of activity;

2) the establishment of the registration of the subjects of private business activity at one registration body without prior arrangement;

3) the restriction by legislation of the inspection of business activity by inspection bodies, and the areas and times for performing them;

4) the establishment of the types of activity that are prohibited or restricted for private business, including export and import operations, only by legislation of the Supreme Soviet;

5) the legal appeal of the actions of state bodies and officials who violate the rights and legal interests of private businessmen;

6) the establishment of criminal, administrative and material liability of officials for violations of the rights and legal interests of private businessmen;

7) reimbursement for losses caused to a private businessman through the illegitimate actions of state bodies or officials, as well as other individuals and organizations; and

8) assurance of the equal protection of business activity regardless of the subject and form of its implementation.

Article 6. State Support for Private Enterprise

1. The state supports private enterprise via:

—determining the priority areas and spheres of private business activity and establishing tax concessions on that basis;

—offering credit to private businessmen on favorable terms;

—creating favorable conditions in foreign-economic activity for private business;

—creating and developing a state system of information support for the subjects of private business activity; and

—financing measures to develop private business from the Fund for the Support and Development of Private Enterprise.

Businessmen who are accomplishing their activity in the sphere of material production enjoy a preferential right to the receipt of these benefits.

2. A state program of support for business and demonopolization of the economy of the Republic of Kazakhstan is realized for the purpose of supporting private business. The program has territorial sections by oblasts, and is mandatory for fulfillment by the bodies of state power and administration.

3. State enterprises have the right, under stipulated procedure:

—to sell and transfer to private businessmen (regardless of the organizational form of their activity), exchange, lease or offer for free for temporary use or loan

buildings, structures, equipment, means of transport, tools and implements, raw materials and other assets that belong to them;

—to create subsidiary enterprises with the rights of a legal person, based on mixed forms of ownership;

—to establish, in conjunction with private businessmen, enterprises and other types of economically active subjects (joint-stock companies, business partnerships etc.) and to invest their production and monetary capital in them; and

—to offer interest-free loans to private businessmen.

Article 7. The Fund for the Support and Development of Private Enterprise

The Fund for the Support and Development of Private Enterprise is created for the financial support of private business.

The Fund is formed through the funds of:

—the Fund for the Support of Enterprise and the Development of Competition;

—the republic budget for the support of young business;

—the State Fund to assist employment;

—funds received from the spin-off and privatization of state property.

The Fund is released from the payment of all types of taxes and duties.

The statute on the Fund and the size of the deductions from the aforementioned sources are approved by the President of the Republic of Kazakhstan.

Section II. STATE REGISTRATION OF PRIVATE BUSINESS ACTIVITY

Article 8. State Registration of Private Enterprise

1. The state registration of private businessmen is of an informational nature, and consists of being put into the register of economically active subjects at rayon (city) state statistical bodies.

2. State registration as an economically active subject is simultaneously its registration as a subject of foreign economic activity.

3. A refusal to register can occur only in a case where the private businessman has submitted a statement on the registration of business activity that is prohibited by law. The registering body is obligated to give the applicant a justified refusal in written form, with an indication of the specific legislation that prohibits that type of activity.

4. Citizens who are undertaking business activity without the formation of a legal person are released from state registration:

—as part of labor, peasant and leased (in agricultural production) holdings;

—when engaged, outside the wholesale and retail trade network, in the sale of property belonging to them or products produced, refined or bought, including imported industrial goods and foodstuffs, at places specially allocated for it and through consignment stores;

—citizens whose receipts from the sale of work and services do not exceed 100,000 rubles a year.

The Cabinet of Ministers of the Republic of Kazakhstan has the right to add to this list.

The accounting for these citizens as taxpayers and the procedures for their taxation are implemented in accordance with tax legislation.

5. The activity of private businessmen without state registration is prohibited, with the exclusions envisaged by Paragraph 3 of this article.

6. Citizens who are carrying out business activity without the formation of a legal person have the right, by their own choice, to fulfill financial obligations to the state on the basis of the purchase of a license. The license is simultaneously evidence of the state registration of the citizen as an economically active subject, and a license granting him the right to carry out the business activity envisaged by that license.

The procedure for issuing licenses and the amount of the license charge are determined by the Cabinet of Ministers of the Republic of Kazakhstan.

Article 9. Procedure for the State Registration of Private Businessmen

1. The registration is performed on the basis of a registration card of a stipulated type submitted by the businessman to the registration body. The card is either given to the businessman in person or sent by mail.

2. The registration card for businessmen that are legal persons shows the name of the legal person, its organizational form, information on the founders and owners, the location of the legal person and the mailing address, the type of business activity in summarized form and the organ of the legal person.

3. The card is signed by the founders. If legal persons are the founders, then it is signed by their executives, and the signatures are certified with a seal. If the founders are legal persons, then the authenticity of the signatures is certified either by notary (when sending the card by mail) or by presentation of a passport or other document that attests to the individual (when turning the card in personally).

4. The registration card of citizens who are carrying out business activity without the registration of a legal person indicates the first, middle and last name, time

and place of birth, data on the document certifying authenticity (series, number of the document, when issued and by whom), the place of residence, the type of business activity in summarized form and, if there are production facilities, their location.

The card is signed by the natural person (individuals), the authenticity of the signature of which is certified by notary (in the event the card is sent by mail) or by submission of a document certifying the individual (in the case of turning the card in personally).

5. The businessman, when altering data shown in the registration card, is obliged to enter the changes on it.

Article 10. Issue of Certificate of State Registration

1. The certificate of state registration is issued to the businessman over the course of ten days from the moment of request, on the basis of the registration card he has submitted and with the payment of the charge for state registration.

2. The charge for state registration is exacted on the scale of:

—1,000 rubles for the registration of a legal person;

—10 rubles for the registration of an businessman carrying out activity without the formation of a legal person.

3. A charge half the size of the original is made is paid for re-registration and for the issue of duplicate registration certificates.

4. A refusal of registration with a properly filled-out card and the charge paid is prohibited, aside from the cases envisaged by the third part of Article 8 of the Law.

5. Making the issue of a certificate of state registration conditional on a requirement to submit documents not stipulated by this article (founding documents, charter, bank information on the availability of authorized capital, licenses, land-use documents, the conclusions of expert ecological evaluations and any others), as well as the requirement to obtain consent (permission) for the formation of an economically active subject from any state bodies (health-safety, fire, technical oversight, internal-affairs and any other bodies), refusal to register for reasons of the inexpediency of founding the economically active subject and the implementation of the activity in which it intends to be engaged, for reasons of the presence of doubts of the personality of the businessman and the lack of trust in him and for any other reasons, is prohibited.

Article 11. Liability for Refusal to Register

1. If a businessman is not registered in the stipulated time or he is refused registration, he has the right to appeal to the people's court in the place where the registration body is located.

2. The court, having established an instance of groundless refusal to register or a delay beyond the stipulated time for registration, issues a decision in accordance with which the businessman is deemed to be registered, and the body that performs registration is obligated to issue a Certificate of Registration to the businessman within three days from moment of decision of the court.

The court simultaneously exacts from the guilty official a fine in the amount of 1,000 to 5,000 rubles.

The same violation committed by an official in the course of a year after the cited measures have been employed against him entails the imposition of a fine in the amount of 5,000 to 10,000 rubles with dismissal from his post.

3. The amounts of the fines that are exacted go as income to the corresponding local budget.

Article 12. Providing for State Oversight and Monitoring of the Activity of a Registered Businessman

The registering body, having accomplished the registration of the businessman, informs the corresponding bodies of state oversight and monitoring (bodies for tax inspection, health safety, fire, technical oversight and any others) of the appearance of an economically active subject.

Section III. ECONOMIC ACTIVITY OF THE PRIVATE BUSINESSMAN

Article 13. The Accomplishment of Economic Activity by the Private Businessman

1. The private businessman can carry out any type of economic activity not prohibited by the legislation of the Republic of Kazakhstan, regardless of whether it is envisaged in the founding and registration documents.

2. Private businessmen independently sell the goods (work, services) they produce or acquire. They fulfill state orders on a voluntary and contract basis.

3. The bodies of state authority and administration are prohibited from:

—giving directives to private businessmen on the supply of goods (work performed, services rendered) to certain customers;

—establishing restrictions on private businessmen for the import or export of goods, including foodstuffs, from one region of the republic to another.

Article 14. Legal Assurance for the Freedom of Private Business Activity

The opportunity of exercising the following rights is guaranteed to the private businessman in order to ensure the freedom of private business activity:

—to create any types of enterprises whose organization does not contradict the legislation of the Republic of Kazakhstan;

—to acquire, either partially or completely, the property of state enterprises and enterprises based on other forms of ownership, and other property and the property rights associated with it. The right of possession and the right of use of plots of land under the procedure and under the conditions stipulated by the Land Code of the Republic of Kazakhstan are conveyed along with those objects in the transfer of the right of ownership of buildings and structures (including incomplete construction);

—to take part in the activity of other economically active subjects with his own property and property that is obtained on a legal basis;

—to utilize the property of legal persons and citizens according to agreement by the parties;

—to hire and dismiss any quantity of workers under terms of a contract or other terms that do not contradict the legislation of the Republic of Kazakhstan;

—to establish the forms, systems and size of pay and other types of income for working individuals who were hired;

—to formulate a program of economic activity, select suppliers and consumers for the products (work, services) produced, to perform work on a contract basis and deliveries for state needs;

—independently to establish prices, valuations and rate scales for the goods (work, services) sold, with the exception of cases envisaged by the second part of Article 18 of this Law;

—to open accounts at banks to keep monetary resources, and to carry out all types of settlement, credit and cash operations;

—to dispose freely of the profits (income) from business activity that remain after payment of taxes and the payment of other mandatory fees;

—to obtain income that is not restricted in size;

—to make use of various systems of social security and social insurance at his choice (state or non-state);

—to lodge a complaint under established procedure regarding the actions of state and other bodies that encroach upon his rights or legitimate interests;

—to act as a participant in foreign-economic relations and to carry out currency operations; and

—to carry out any other actions associated with business activity, if they do not contradict the legislation of the Republic of Kazakhstan.

Article 15. Obligations of the Businessman in Carrying Out Business Activity

The private businessman is obligated:

—to conclude contracts in accordance with labor legislation with citizens who are hired to work, as well as collective contracts upon demand with labor collectives;

—not to impede the unification of hired workers into professional unions to protect their socio-economic interests;

—to pay for the labor of individuals working under hire at a level no lower than the minimum amounts stipulated by legislation;

—to carry out measures to ensure ecological safety, the protection of labor, safety-engineering techniques, production hygiene and sanitation, guided by prevailing statutes and norms;

—to obtain special permission (licensing) for activity in spheres that are subject to licensing in accordance with legislation; and

—to observe other requirements stipulated by legislation of the Republic of Kazakhstan.

Article 16. Licensing of Private Business Activity

1. The types of business activity subject to licensing, as well as the procedure for it, are determined by the Supreme Soviet of the Republic of Kazakhstan.

2. The license is issued by a state body authorized to do so upon application by an interested person, no more than a month's time from the day of submission of the application.

3. In cases where the available documents on the formation, fields, qualification and state of the technical means (equipment, mechanisms, means of transport and other) subject to exploitation testify to the presence of a level at which the business activity being implemented will not pose a threat to society, the environment or life and health, the license is issued on the basis of the documents submitted without any additional verification.

4. A refusal to issue a license may occur for grounds envisaged in the Law.

A justified refusal in written form is issued to the applicant in a refusal.

5. If a license is not issued in the time period stipulated by this article or the refusal seems to the businessman to be unfounded, he has the right to submit a complaint to a people's court at the location of the body that does the licensing.

6. The court, having established an instance of unsubstantiated refusal, decides on the issue of a license, which

should be executed by the body that accomplishes the licensing within a three-day period from the time of receipt of the court's decision.

The court at the same time exacts a fine from the guilty party in the amount of 1,000 to 5,000 rubles. The same fine is imposed in the event of violations of the deadline stipulated for the issue of a license.

The same actions committed repeatedly over the course of a year after the imposition of the penalties entail a fine of 5,000 to 10,000 rubles.

7. The licensing of business activity is performed in accordance with Article 19 of this Law.

8. A fee of 500 rubles is charged for the issue of a license.

Article 17. Bank Support for Private Businessmen

1. The relations between banks and their clients are of a contract nature. The fee for bank services, the magnitude of commission compensation for bank operations and the interest rates for their credit are determined by agreement of the parties.

2. Private businessmen independently select the banks for credit, settlement and cash services, and may be served for all types of banking operations at one or several banks, including foreign ones, and open accounts at banks, including hard-currency accounts, at their discretion.

3. Private businessmen independently dispose of their monetary funds in bank accounts, making transactions with their counterparts in both cash and non-cash forms, in both national and foreign currencies.

Private businessmen receive their monetary resources at the servicing banks in any form acceptable to them (cash, checks, bills or other payment documents as stipulated by law) upon the first demand, without restriction of the sum within the limits of the funds available in the accounts. In the event of a failure to fulfill a client's demand for the issue of money, the bank pays a penalty in the amount of 0.5 percent of the amount not issued for every day of delay.

4. Restrictions on the activity of commercial banks and their operations on social, anti-inflationary and other extraordinary grounds, including the establishment of restrictions on clients' use of their own money in accounts at the banks (the freezing of accounts), restrictions on the issue of cash or the amount of credit investments of banks, the establishment of limits on changes in interest rates for active and passive operations or limits for commission compensation that worsen the terms of banking service for private businessmen may be established only by the Supreme Soviet of the Republic of Kazakhstan and only for a term of no more than one year.

Article 18. Prices for Goods Produced by Private Businessmen

1. Private businessmen sell their goods (work, services), both of their own production and those acquired on the side, at prices (rates) that are established independently or on a contract basis.

2. The direct state regulation of prices for goods produced by private businessmen is permitted in cases of a businessman's failure to make conscientious use of his monopoly position in the market.

The establishment of state prices for the purpose of not permitting monopoly increases in prices is accomplished under a procedure envisaged by anti-monopoly legislation.

The state, in the establishment of state prices for the purpose of social protection of the population, pays businessmen compensation in the form of the difference between the stipulated prices and the market prices or via the establishment of tax, credit or other concessions of a compensatory nature.

Article 19. Foreign-Economic Activity of Private Businessmen

1. Private businessmen may engage in any form of foreign-economic activity, aside from those directly prohibited by law, as well as conduct operations in the export and import of goods and make foreign-currency deals with foreign counterparts.

2. The establishment of prohibitions on carrying out foreign-economic activity of private businessmen may occur only in a case where the export-import operations are connected with the realization of a type of activity prohibited by law for all types of businessmen, including state.

3. The licensing of export operations can occur in cases where:

—the carrying out of export operations is connected with the realization of such types of business activity that require licensing in domestic markets;

—the item of export is items that are relegated to the exclusive ownership of the state;

—the production and sale of that good is a monopoly of the state.

4. The establishment of quotas and the institution of a licensing procedure for the import of goods is not performed, and is accomplished by private businessmen without special permission and without restrictions in either physical or monetary terms, with the exception of items whose import is either directly prohibited by law for the purpose of protecting the state and the security of society and citizens, or in relation to which a licensing procedure has been established for those same purposes. The list of the types of goods prohibited for import, as well as the goods whose import is accomplished under

licenses, and the procedure for the issue of those licenses are determined by the Supreme Soviet of the Republic of Kazakhstan.

5. The import and export of foreign currency is accomplished freely, without restrictions on amount.

Article 20. State Monitoring and Oversight of the Activity of Private Businessmen

1. State monitoring and oversight should not create interference in the accomplishment of private business activity.

2. The right to implement monitoring and oversight is enjoyed only by those state bodies and officials for whom that right is specially granted by law.

3. The auditing of the financial and economic activity of private businessmen accomplished by state bodies may be performed only with the consent of the businessmen themselves, with the exception of audits conducted under the instigation of criminal proceedings.

4. Verifications by state tax, health-safety and other inspectorates and the bodies of state monitoring and oversight are performed in strict accordance with their authority. Businessmen have the right not to fulfill the demands of those bodies on issues that do not fall under their jurisdiction, and not to acquaint them with materials that do not pertain to the subject of their activity.

Verifications by investigative and inquiry bodies may be performed only under search procedures or investigative actions for the institution of criminal proceedings.

5. The removal and extraction of original accounting and other documents is prohibited. It is permitted in exceptional situations as a measure for curtailing violations of law that are occurring, or as evidence in a criminal case.

Section IV. PROTECTION OF COMMERCIAL SECRECY

Article 21. Protection of Commercial Secrecy

1. Commercial secrecy is understood to mean information that is not state secrets connected with production, technological information, management, finances and other activity of an economic subject, the divulging (transmission, leaking) of which could cause harm to its interests. The composition and volume of the information comprising commercial secrets is determined by the economically active subjects, of which the interested individuals are notified in written form.

2. The protection of commercial secrecy consists of prohibiting the divulging of information indicated in the first part of this article, that is, the prohibition of the dissemination of information among a definite or indefinite circle of individuals in any form accessible to perception, as well as the prohibition of the transmission of that information to another individual.

3. An individual who unlawfully obtains information that constitutes commercial secrets does not have the right to utilize it for his own mercenary purposes, if such utilization could cause harm to the subject of the right to commercial secrecy.

The prohibition does not extend to economically active subjects utilizing production, organizational, financial and the like [as published].

Article 22. Information Not Constituting Commercial Secrets

1. Information pertaining to state statistical reporting, as well as pertaining to those aspects of the activity of economically active subjects that are the object of state monitoring and oversight, does not constitute commercial secrets.

2. An economically active subject provides its workers, shareholders and like interested parties access to information that makes it possible to verify the correctness of the payments to them of wages, contract compensation, author's honoraria and dividends and to determine their share of property, income and profits.

3. The list of information subject to mandatory publication or mandatory passing along to the stockholders, members (participants) in a business partnership or other definite circle of individuals may be established by legislation or the founding documents.

Such information includes in particular data contained in the state register, balance-sheet totals of yearly business activity, including the net balance, the total authorized capital, composite amounts of credit and debit indebtedness, the net balance of profit and loss accounts and information subject to publication in accordance with the rules of state statistical reporting.

4. The Cabinet of Ministers of the Republic of Kazakhstan, for the purpose of averting the concealment of information on pertinent issues in accordance with the first part of Article 3 of this Law and the exclusive jurisdiction of the state, determines the list of the types of activities, information about which may not constitute commercial secrets.

Section V. LIABILITY FOR UNLAWFUL HINDRANCE OF BUSINESS ACTIVITY

Article 24. [as published] General Fundamentals and Norms of Liability for Unlawful Violation of the Rights and Legitimate Interests of Businessmen

1. The actions of state bodies or officials that lead to the impossibility of accomplishing unrestricted business activity, to the restriction of its volume, the sphere of dissemination of its separate types and to other interference for business entail liability for those bodies and officials as stipulated by legislation.

Liability is not incurred if the actions to restrict business activity are directly prescribed or permitted by this Law or other legislation.

2. Prohibitions by state bodies or officials restricting business activity that are not based on the law are not valid and should not be fulfilled.

All losses suffered by economically active subjects as a consequence of the illegitimate hindrance of their business activity are subject to reimbursement under judicial procedure through suits by the indicated subjects in the full amount, including income not received. The fines envisaged by Articles 27—30 of this Law are also exacted under the same procedure.

If the unlawful actions are committed by state bodies or officials, the losses are reimbursed at the expense of the funds of the corresponding budget.

Article 25. Liability for Failure to Permit Business Activity

In the event that state bodies or officials commit actions that impede the accomplishment of business activity (groundless refusal to register, violations of the deadlines for the issue of registration certificates, failure to issue licenses and patents or violation of the deadline for issue, groundless delays in the allocation of plots of land without which the corresponding business activity is impossible, the groundless complete or partial curtailment or stoppage of business activity and the like), the profits that the economically active subject would have received through the normal accomplishment of that activity should be included in the amount of the losses subject to reimbursement.

Article 26. Liability for Violating the Stipulated Procedure for Verifying Business Activity

In the event of a violation by a state body or official of the stipulated procedure for the verification of business activity (not caused by the necessity of removing documents, taking inventory of the material assets, stopping production, composing excessive information and explanations, submitting unsubstantiated requests and the like), the amounts of the losses that are proposed for reimbursement can include the amount of compensation paid to workers of the enterprises for preparing materials for the verification, the wages for the time of forced production stoppages, and the profits lost that would have been received by the economically active subject with the sale of the corresponding goods (work, services) that were not received as a consequence of the production stoppage.

Article 27. Liability for Groundless Taxation

In the event of the groundless, compulsory exaction of tax and other mandatory payments from an economically active subject, as well as in the event of groundless application of fines for the violation of tax legislation, all of the amounts paid in excess, with the additional payment of an average interest rate for credit at that time from the funds of the corresponding budget (fund), are returned to the economically active subject upon its claim against the body that made that exaction.

Article 28. Liability for Divulging Commercial Secrets

1. In violations by state bodies or officials of the obligation to preserve commercial secrecy, the economically active subject that is the victim has the right, aside from reimbursement for losses in full, to demand the payment of 5,000 to 10,000 rubles from the funds of the corresponding budget.

2. The same amount, aside from reimbursement for losses, may be exacted in favor of an economically active subject that is the victim of an individual who has unlawfully obtained and utilized for his own commercial interests information containing commercial secrets.

Article 29. Liability for Violating the Right of Industrial Ownership

The illegal (without obtaining a license) utilization by anyone of someone else's trademarks, firm names, industrial prototypes, inventions and other objects of industrial ownership protected by patents or special registration entails, aside from the reimbursement of losses caused to the victim, the payment of a fine to him from the violator of 5,000 to 10,000 rubles.

Article 30. Liability for Other Instances of Impeding Business Activity

An economically active subject that is a victim, aside from reimbursement in full for losses, has the right to exact a fine of 5,000 to 10,000 rubles from individuals who unlawfully impede the accomplishment of business activity via the artificial creation of obstacles to the production and sale of products, work or services, the confusing of consumers of products, work or services, the extortion of monetary or in-kind requisitions from economically active subjects or other illegal actions.

President of the Republic of Kazakhstan N. Nazarbayev

Alma-Ata, 4 Jul 92

Law on Changes, Additions to Law on Taxes From Enterprises, Associations, Organizations

Text of Law

935D0008A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 22 Jul 92 p 2

[Republic of Kazakhstan Law: "On Introducing Additions and Changes to the Kazakh SSR Law: 'On Taxes on Enterprises, Associations, and Organizations'"]

[Text] The Republic of Kazakhstan Supreme Soviet hereby **decrees** the following:

The following additions and changes shall be introduced to the Kazakh SSR Law dated 14 February 1991 and

entitled "On Taxes on Enterprises, Associations, and Organizations" (VEDOMOSTI VERKHOVNOGO SOVETA KAZAKHSKOY SSR, 1991, No 9, p 116).

1. In Article 4 the number "35" shall be replaced by "25."

2. In Paragraph 1 of Article 5:

Subparagraph "b" shall be set forth in the following version:

"b) for joint ventures created on the territory of the Republic of Kazakhstan with the participation of Kazakhstanian and foreign juridical persons and citizens, 25 percent.

"When liquidating a joint venture, the unused sum of its reserve fund shall be subject to taxation at the rate set for this joint venture."

In Subparagraph "g" the words "religious organizations and their enterprises" shall be replaced by the words "enterprises of religious associations";

Subparagraph "ye" shall be set forth in the following version:

"ye) for fishing kolkhozes, poultry plants, livestock-raising and other agricultural enterprises, regardless of the form of property ownership, as well as processing enterprises of the meat, dairy, fruit-and-vegetable, bakery, and cotton-ginning industries, along with enterprises engaged in the primary processing of wool, for which land is not the basic means of production—10 percent;

"for state enterprises engaged in providing everyday services—15 percent;

"for state enterprises engaged in providing municipal services (public utilities)—20 percent."

3. Paragraph 1 of Article 6 shall be supplemented by Subparagraphs "k," "l," "m," and "n," having the following contents:

"k) the sum of outlays to be channeled into providing the territories with individual, ongoing construction of the engineering, transportation, and social infrastructure;

"l) the sum of outlays to be realized by means of profits and to be used for amortizing the credits granted to staffers of enterprises and organizations for individual and cooperative housing construction;

"m) the sum of profits obtained from exporting products (work, services);

"n) the sum of profits obtained from selling all products (work, services), if the portion of the earnings derived from selling such export products shall amount to more than 30 percent of the total amount earned."

4. In Paragraph 2 of Article 6, after the words "for housing and civil construction," the words "in rural localities" shall be excluded.

5. In Paragraph 3 of Article 6, after the word "invalids," the following words shall be added: "enterprises of the criminal-corrective system using convict labor."

6. Paragraph 4 of Article 6 shall add the following words: "and enterprises engaged in the production of construction-finishing materials, structural components, items and objects of home-building for housing-and-civil construction throughout the entire territory of this republic."

7. Subparagraph "a" under Paragraph 8 of Article 6 after the word "invalids" shall add the words "republic-level organizations of veterans of the war in Afghanistan," having excluded the above-indicated words from Subparagraph "v" of the given paragraph of the present article.

8. Subparagraph "g" under Paragraph 8 of Article 6 shall be set forth in the following version:

"g) the All-Union Society of Inventors and Efficienct Experts, the Republic of Kazakhstan's Union of Scientific and Engineering Associations, scientists, engineers, and specialists, as well as their organization for profit to be sent to the Society or Union by way of fulfilling the conditions of their charter activities."

9. Paragraph 8 of Article 6 shall be supplemented by Subparagraphs "ye" and "zh" having the following contents:

"ye) enterprises and organizations—regardless of their forms of property ownership—which participate in developing the scientific and technical basis of tourism shall be exempt from paying taxes on the profits on that portion to be allocated for the above-indicated purpose;

"zh) religious associations with regard to the incoming receipts derived from celebrating religious rituals and ceremonies, fincancial and property-type contributions, as well as contributions and deductions witheld by them for charitable purposes."

10. The fifth indention under Paragraph 12 of Article 6 shall have the following words added to it: "as well as those engaged in middleman and commercial activities."

11. Paragraph 17 of Article 6 shall be set forth in the following version:

"17. At enterprises and organizations in the material-production sphere the privileges provided for by Subparagraphs "b" and "ye" of Paragraph 1, by Paragraphs 2 and 6, by Subparagraph "v" of Paragraph 11, by Subparagraphs "a" and "v" of Paragraph 12, and by Paragraph 15 of the present article shall be valid and in effect, on condition that there is an increase in the volume of production in kind, or in comparable prices.

For newly created enterprises and organizations, the first full year of their calendar activity shall serve as a base of comparison.

12. Article 6 shall be supplemented by Paragraph 18 as follows:

"18. Enterprises, associations, and organizations—regardless of their forms of property ownership—which have increased during the period under review their volume of output (work, services) in kind or in comparable prices, as compared to the base year of 1990, for every percentage point of actual growth, the norm of their profits tax shall be reduced by one percentage point.

Under analogous conditions, for enterprises which produce consumer goods the established tax norm shall be reduced by 1.5 percentage points."

13. In the first indention of Article 11 the words "unless otherwise stipulated in treaties, agreements, or contracts" shall be excluded.

14. In Chapter III and in Article 14 the words "and imports" shall be excluded.

15. Article 15 shall be set forth in the following version:

"Article 15. Tax Rates on Exports

"The hard currency earned by enterprises from exports shall be taxed on the foreign currency as a percentage of the total amount earned.

"The conditions for introducing tax rates on exports and their amount shall be established by decision of the Republic of Kazakhstan's president or by its Cabinet of Ministers.

"Enterprises engaging in export activities within the framework of international cooperation on production—including cooperation with regard to processing customer-supplied raw materials—shall be exempt from paying taxes on exports."

16. Paragraph 3 of Article 21 shall be set forth in the following version:

"3. Income in the form of interest for credits granted to the Republic of Kazakhstan government or to the Republic of Kazakhstan National State Bank shall be exempt from taxation."

[Signed] **N. NAZARBAYEV**, president, Republic of Kazakhstan

Alma-Ata

30 June 1992

Decree on Implementation

935D0008B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 22 Jul 92 p 2

[Decree of the Republic of Kazakhstan Supreme Soviet: "On Implementing the Republic of Kazakhstan Law 'On Introducing Additions and Changes to the Kazakh SSR Law "On Taxes on Enterprises, Associations, and Organizations" '"]

[Text] The Republic of Kazakhstan Supreme Soviet hereby decrees the following:

1. The Republic of Kazakhstan Law entitled "On Introducing Additions and Changes to the Kazakh SSR Law: 'On Taxes on Enterprises, Associations, and Organizations'" shall go into effect and be valid on 1 July 1992.

2. The Republic of Kazakhstan Cabinet of Ministers shall introduce the appropriate changes in the decisions and resolutions of the Republic of Kazakhstan government.

[Signed] **S. ABDILDIN**, chairman, Republic of Kazakhstan Supreme Soviet
Alma-Ata
30 June 1992

Law on Insurance

Text of Law

925D0733A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 24 Jul 92 p 2

[Kazakhstan Republic law: "On Insurance in the Republic of Kazakhstan," signed by Kazakhstan Republic President N. Nazarbayev in Alma-Ata on 3 July 1992]

[Text] The present law is directed toward the formation of a market in insurance services, as well as toward expanding insurance protection for subjects of entrepreneurial activity and citizens.

ARTICLE 1. Insurance and its purpose

Insurance is a form of entrepreneurial activity whose purpose is to provide insurance protection of the interests of physical and legal persons against the consequence of insured cases.

ARTICLE 2. Relations regulated by the present law

The present law regulates:

—relations between the insurer and insuree arising in the process of concluding and fulfilling the insurance agreement;

—relations of the insurer and insuree with third persons, stemming from the insurance relation.

Relations on medical and social insurance are regulated by special laws.

ARTICLE 3. Concepts applicable in the law

The following special concepts are utilized in the law:

"Insurer"—a legal person registered in the established order (including foreign persons) who engages in insurance as the type of his activity.

"Insuree"—a legal or physical person (including foreign persons) who concludes an insurance agreement with an insurer.

"Insured"—a person in whose life and activity certain events are covered by the insurance agreement in case of occurrence of the insured event.

"Other person"—a person for whose benefit a contract is concluded and who receives insurance compensation in case of occurrence of the insured event (beneficiary).

"Insured event"—an event with whose onset the insurance contract associates payment of the insurance sum (insurance compensation).

"Insurance sum"—the sum of monetary funds for which an object of insurance is covered and which represents the marginal volume of responsibility of the insurer in case of an insured event.

"Insurance compensation"—monetary funds paid within the limits of the insurance coverage sum in compensation for a loss incurred by the insuree in case of an insured event.

"Insurance premiums"—dues paid by the insuree to the insurer.

ARTICLE 4. State registration of persons engaging in insurance activity

State registration of persons providing insurance is performed in the order established for registration of enterprises.

The amount of the insurer's charter fund, regardless of the form of ownership and organizational form of activity, must comprise no less than 100,000 rubles (R).

ARTICLE 5. Types of insurance

Personal insurance—insuring the interest of a physical person in regard to his life, health and other personal quality of the insuree himself, as well as of a third person.

Property insurance—insurance of property, the interest associated with it, or some other interest of a property character (possible property damage inflicted by loss of life or damage to health; risk of civil responsibility; commercial risk, including profits not received; risk of credit non-payment, risk of entrepreneurial activity and other property interests).

Non-property insurance—insuring the protected rights and interests of legal and physical persons of a non-property character (trademark, firm name and other non-property interests).

Unlawful interests of the insuree are not subject to insurance.

Foreign citizens, persons without citizenship, and foreign legal persons have the right to insurance protection on an equal basis with citizens and legal persons of the Republic of Kazakhstan. Individual exceptions may be established only by legislative statutes.

Property interests of citizens and legal persons of the Republic of Kazakhstan located abroad are subject to insurance in accordance with the present law, provided it does not contradict the legislation of the country in which they are located.

ARTICLE 6. Forms of insurance

Insurance is provided in the form of mandatory and voluntary insurance.

Mandatory insurance is insurance performed by force of law.

Under mandatory insurance, the insuree is obligated to conclude an agreement with the insurer under conditions specified by the legal statute regulating the given insurance relations.

An agreement of mandatory insurance may be concluded with any insurer who offers his services. For a state insurance enterprise, the conclusion of such an agreement is its responsibility.

Mandatory insurance is used in cases of:

—insuring passengers of air, railroad, sea, inland waterway transport and on routes of inter-oblast and inter-republic automobile transport;

—insuring civil responsibility of owners of transport means who are legal persons.

The order of organization and implementation of mandatory insurance is determined by the Kazakhstan Republic Cabinet of Ministers.

Voluntary insurance is insurance performed at the expressed will of the parties.

ARTICLE 7. Insurance agreement

The conditions of insurance are determined by the agreement concluded between the insuree and the insurer.

Under the insurance agreement, the insuree promises to pay the insurance premiums, while the insurer promises to pay the insurance sum (insurance compensation) to the insuree or to a third person in case of occurrence of the insured event.

ARTICLE 8. Concluding the insurance agreement

The insurance agreement is concluded in written form. The form of the written agreement is determined by the insurer or by consent of the parties. The agreement is considered concluded from the moment the first insurance premium is paid, unless some other order is specified.

ARTICLE 9. Content of the insurance agreement

The content of the insurance agreement is defined by the consent of the parties.

The insurance agreement must specify: The parties in the agreement; the object of insurance; the insured event; the amount of the insurance sum (insurance compensation) and the order and terms of its payment; the amount of the insurance premium and the order and terms of its payment; the term of effectiveness of the agreement; the responsibility of the parties for non-adherence to the conditions of the contract. By consent of the parties, other conditions and responsibilities may be included in the agreement.

Conditions of the agreement which worsen the position of the insuree as compared with the effective legislation and which contradict the present law are invalid.

ARTICLE 10. Insurance premiums

The amounts of the insurance premiums are determined by the agreement, with the exception of cases where these amounts are set by the legislation.

By consent of the parties, insurance premiums may be paid in foreign currency.

Failure to pay the insurance premium by the due date specified in the agreement will result in cancellation of the agreement, unless otherwise specified in the agreement.

Within a period of one month, an agreement which was terminated prior to its expiration may be renewed under the condition that the premium indebtedness be paid. A longer term may be specified in the agreement. In this case, written notification of agreement renewal is not required. An agreement terminated prior to its expiration goes into effect the next day after the insuree pays his sum of indebtedness.

In case of early cessation of agreements caused by overdue insurance premiums, the insuree receives a refund of part of the insurance premiums paid, as specified by the agreement.

Insurance premiums are treated as production expenditures by the insuree.

ARTICLE 11. Insurance sum and insurance compensation

The amounts of the insurance sum [coverage] and insurance compensation are established by the agreement, with the exception of cases when these amounts are established by the legislation.

The insurance sum on personal insurance is paid to the insuree regardless of any sums he is entitled to receive from social insurance, social provision, and in the order of compensation of loss.

Insurance compensation on property insurance cannot exceed the amount of the actual direct loss incurred by the insuree upon occurrence of the insurance event, unless otherwise specified in the agreement.

The insurance sums and insurance compensation received by the insuree are not taxable.

By consent of the parties, insurance sums and insurance compensations may be paid in foreign currency.

ARTICLE 12. Responsibilities of the parties upon occurrence of the insurance event

Upon occurrence of the insurance event, the insurer must pay the insuree (insured) in the order and within the time specified by the agreement, the insurance sum (insurance compensation), and must also compensate within the limits of the insurance sum the necessary expenditures incurred for purposes of reducing the loss subject to compensation.

The insuree must inform the insurer of the insurance event within the time and in the form specified by the agreement, and must take measures to save and protect the insured property, as well as to ensure the right of regress to the guilty party.

The insurer who has paid out insurance compensation on property insurance, within the limits of this sum, receives the right of regressive claim, which the insuree (insured) has toward the person responsible for inflicting the loss. Upon receiving the insurance compensation, the insuree (insured) must hand over to the insurer all the documents which he has that are necessary for realization of the right of this claim.

Within the order established by civil legislation, the insuree may yield to the insurer his right of claim against a person responsible for the incurred loss, in excess of the volume of insurance compensation, and also to concede other claims against this person. The transfer of these rights may be stipulated in the insurance agreement.

After occurrence of the insurance event, the insuree may inform the insurer that he has given up his rights to the insured property, and may receive the insurance sum in full volume.

ARTICLE 13. Invalidity of insurance agreement

Aside from the general principles specified by the legislation, an insurance agreement is considered invalid if it is concluded:

—in cases specified by part four, Article 5 and part three, Article 9 of the present law;

—in regard to property obtained by criminal means or property which is the object of a crime;

—in cases where the insuree, upon concluding the agreement, was intentionally pursuing the goal of extracting unlawful profit, including the conclusion of the agreement after the insurance event has already occurred.

An agreement is deemed to be invalid in the order established by law and at the request of an interested party.

ARTICLE 14. Refusal to pay the insurance sum (insurance compensation)

The insurer has the right to fully or partially refuse to pay the insurance sum (insurance compensation) to the insuree, if the insurance event took place as a result of:

—intentional actions by the insuree directed at causing occurrence of the insurance event or facilitating its occurrence, with the exception of actions performed in the case of necessary defense and extreme necessity;

—actions by the insuree which, in the order established by law, are deemed to be intentional crimes or administrative legal violations;

—military actions and measures of a military character associated with them and deemed to be such in the order specified by law, if the agreement does not specify insurance against military risk. In the case of refusal to pay the insurance sum (insurance compensation) for reasons stemming from military actions, the insurance premiums paid by the insuree are refunded to him.

ARTICLE 15. Re-insuring and co-insuring

The insurer has the right, by means of re-insuring, to ensure the coverage of part of his responsibilities on the insurance agreement from another insurer without altering the basic insurance agreement.

Insurers may merge on a single insurance agreement, and in this case they are jointly responsible to the insuree.

ARTICLE 16. Responsibility of the insurer

For late payment of the insurance sum (insurance compensation), the insurer pays the insuree (insured) a fine for each overdue day based on the sum subject to payment and in the following amount:

—to a physical person—0.2 percent;

—to a legal person—0.1 percent.

Officials of the insurer bear disciplinary, material, administrative or criminal responsibility as specified by Kazakhstan Republic legislation.

ARTICLE 17. Review of disputes stemming from the insurance agreement

Disputes arising from the insurance agreement are reviewed by the court or by the arbitration court in accordance with the established order. In this case, the insurers and insurees are excused from paying state duty on the given cases.

ARTICLE 18. Economic and organizational basis of insurers' activity

In order to ensure financial stability of insurance operations and to perform insurance activity, insurers create special purpose funds: A basic fund, a reserve fund and, in case the policy is paid off in foreign currency—a currency fund.

The amounts of the funds are set independently by the insurers. Insurance funds are not taxable. If the activity of the insurer is terminated, the monies remaining in the insurance funds are subject to taxation in the established order.

Insurers have the right to perform any other entrepreneurial activity permitted by law.

As the subject of insurance and other entrepreneurial activity, insurers are enterprises and therefore subject to the effect of legislation on enterprises with consideration for the specifics stemming from the present law.

Insurance enterprises may be held under any form of ownership. Insurance enterprises of various forms of ownership enjoy equal rights in performing their activity.

The organizational form of an insurance enterprise is determined by the founders.

The insurer's profit from basic insurance activity is defined as the difference between the income (insurance premiums and other income received from insurance activity) and expenditures (payment of insurance sums and reimbursement of expenses on organization of the insurance business and creation of its material base, labor expenditures, deductions to the insurance funds). The profits from other types of entrepreneurial activity are computed in accordance with the regulations established for these types of activity and with consideration for the fact that the taxable profits are reduced by the sum of deductions to the insurance funds.

[Signed] **N. NAZARBAYEV, Republic of Kazakhstan President**
Alma-Ata, 3 July 1992.

Decree on Implementation

925D0733B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 24 Jul 92 p 2

[Kazakhstan Republic Supreme Soviet Resolution: "On the Order of Implementation of the Kazakhstan

Republic Law, 'On Insurance in the Republic of Kazakhstan'," signed by Kazakhstan Republic Supreme Soviet Chairman S. Abdildin on 3 July 1992 in Alma-Ata]

[Text] The Republic of Kazakhstan Supreme Soviet resolves:

1. To implement the Republic of Kazakhstan law, "On Insurance in the Republic of Kazakhstan" effective 1 September 1992.

2. That prior to 1 September 1992, the Republic of Kazakhstan Cabinet of Ministers must:

—determine the order of organization and implementation of mandatory insurance;

—bring the resolutions and directives of the Republic of Kazakhstan government into line with the present law;

—provide for the review and repeal of normative statutes of the Republic of Kazakhstan ministries and departments which contradict the present law.

[Signed] S. ABDILDIN, Republic of Kazakhstan Supreme Soviet Chairman
Alma-Ata, 3 July 1992.

Law on Social Protection of Victims of Aral Ecological Disaster

Text of Law

925D0683A Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 14 Aug 92 p 2

[Law of Republic of Kazakhstan "On Social Protection for Citizens Who Are Victims of the Ecological Disaster in the Cis-Aral Region," signed by President N. Nazarbayev in Alma-Ata on 30 June 1992]

[Text] The Aral problem, the most crucial ecological emergency on the planet, has become extremely dangerous. In view of this, the portion of the cis-Aral region in Kazakhstan was declared an ecological disaster zone by a decree of the Supreme Soviet of the Republic of Kazakhstan of 18 January 1992 "On Immediate Measures for Radical Changes in the Living Conditions of the Population of the Cis-Aral Region."

The intensive devastation of the region, the steady and irreversible processes of environmental degradation, the deterioration of living conditions, and the rising morbidity rate have created a new socioeconomic and ecological situation requiring legislative solutions and the legal regulation of measures for the social protection of the population of environmentally undesirable regions.

Subdivision I. General Provisions

Section 1. Purpose and Objectives of Law

This law is intended to secure the social protection of citizens who are victims of the Aral ecological emergency and to define their status, to categorize territories, to establish benefits and privileges for individuals requiring social rehabilitation, to record the fundamental approaches to the creation of systems for the protection of the life and health of the population of ecologically undesirable regions, to secure the necessary conditions for a stable and active life and for the priority provision of the population with ecologically safe foods, medicine, and drinking water, and to improve public health and preventive medical services.

The law will define the basic mechanism for the institution of measures to solve social problems in the cis-Aral region.

Section 2. Categorization of Ecologically Impaired Territories in Kazakh Portion of Cis-Aral Region

The ecological disaster zone in the cis-Aral region will be subdivided into the following zones with a view to the severity of the environmental problems there and the effects of devastation and environmental pollution on human health and also on the basis of the recommendations of the Republic of Kazakhstan Academy of Sciences:

—the ecological emergency zone;

—the ecological crisis zone;

—the ecological pre-crisis zone.

Section 3. Ecological Emergency Zone

1. The main criteria for the delineation of the boundaries of the ecological emergency zone will be the following:

—a steady rise in the mortality rate; compulsory migration for ecological reasons;

—the presence of environmental pollutants exceeding maximum permissible limits by amounts threatening human life;

—the complete destruction of ecosystems and the loss of their self-regenerative properties;

—the catastrophic shoaling of bodies of water in excess of all fluctuations recorded in the past century.

2. The ecological emergency zone will include the territory of Aralskiy and Kazalinskiy rayons in Kzyl-Orda Oblast and Chelkarskiy Rayon in Aktyubinsk Oblast.

Section 4. Ecological Crisis Zone

1. The main criteria for the delineation of the boundaries of the ecological crisis zone will be the following:

—a steady rise in the rate of specific morbidity;

—the presence of environmental pollutants exceeding maximum permissible limits by amounts threatening human health;

—the reduction of the range of species and the violation of the structural integrity of ecosystems, and the reduction of the bioproductivity of ecosystems by 75 percent;

—the critical shoaling of bodies of water in excess of average fluctuations recorded over the long term.

2. The ecological crisis zone will include the territory of the rayons of Kzyl-Orda Oblast (with the exception of those listed in Section 3), the city of Kzyl-Orda, and the city of Leninsk, including populated communities assigned to its territorial-administrative jurisdiction.

Section 5. Ecological Pre-Crisis Zone

1. The main criteria for the delineation of the boundaries of the ecological pre-crisis zone will be the following:

—a steady rise in the rate of morbidity related directly to the state of ecological crisis;

—the constant presence of environmental pollutants in excess of maximum permissible limits;

—the reduction of the number of species in ecosystems and the decline of their bioproductivity by at least 50 percent;

—the shoaling of bodies of water in excess of average fluctuations recorded over the long term.

2. The ecological pre-crisis zone will include the territory of Bayganinskiy, Irgizskiy, Mugodzharskiy, and Temirskiy rayons in Aktyubinsk Oblast; Arysskiy (including the city of Arys), Otrarskiy, Suzakskiy, Turkestanskiy (including the city of Turkestan), and Chardarinskiy rayons in South Kazakhstan Oblast, and Zhezdinskiy Rayon in Dzhezkazgan Oblast.

Subdivision II. Status of Victims of Ecological Emergency and Crisis in Cis-Aral Region

Section 6. Status of Ecological Emergency Victims

The victims of the ecological emergency will be the following:

1. Citizens who are living or did live for at least 10 years in the territory categorized as an ecological emergency zone according to the established procedure (including children under the age of 10);

2. Citizens whose health has been impaired by illnesses directly related to the ecological disaster and who are living in the zone now or did live there for at least three years.

Section 7. Status of Ecological Crisis Victims

The victims of ecological crisis will be the following:

1. Citizens who are living or did live, for at least 15 years between 1975 and the present time, in the territory categorized as an ecological crisis zone according to the established procedure (including children under the age of 15);

2. Citizens whose health has been impaired by illnesses directly related to the ecological disaster and who are living in the zone now or did live there for at least five years.

Section 8. Status of Ecological Pre-Crisis Victims

The victims of ecological pre-crisis effects will be the following:

1. Citizens who are living or did live, for at least 20 years between 1975 and the present time, in the territory categorized as an ecological pre-crisis zone according to the established procedure (including children and adolescents under the age of 18);

2. Citizens whose health has been impaired by illnesses directly related to the ecological disaster and who are living in the zone now or did live there for at least seven years.

Section 9. Procedure for Registration of Ecological Disaster Victims

Citizens who are victims of the ecological disaster will be registered in line with the procedure defined by the Republic of Kazakhstan Cabinet of Ministers and according to their place of residence and previous place of residence in the ecological disaster zone.

Section 10. Changes in Boundaries of Zones and in Status of Ecological Disaster Victims

Proposed changes in the boundaries of ecological disaster zones within the limits of the ecological emergency, ecological crisis, and ecological pre-crisis zones or in the status of ecological disaster victims will be submitted to the Republic of Kazakhstan Supreme Soviet for consideration by the Republic of Kazakhstan Cabinet of Ministers on the recommendations of the special government agency in charge of the problems of the cis-Aral region, the Republic of Kazakhstan Ministry of Ecology and Biological Resources, the Main Administration for Hydrometeorology of the Republic of Kazakhstan Cabinet of Ministers, the Republic of Kazakhstan Academy of Sciences, and the Republic of Kazakhstan Ministry of Health in conjunction with the heads of local administrations and other authorized establishments and organizations.

Subdivision III. Social Protection of Citizens Living in Ecological Disaster Zone

Section 11. Priority Supplies of Food and High-Quality Drinking Water

The Republic of Kazakhstan Cabinet of Ministers and the heads of local administrations will provide the population of ecological disaster zones with priority supplies of environmentally safe foods and high-quality drinking water.

Section 12. Organization of Medical Treatment and of Financing and Material Supplies for Public Health Services

The Republic of Kazakhstan Cabinet of Ministers will guarantee the following to the population of the ecological disaster zone:

1. an increase in per capita allocations for the maintenance of medical establishments of 1.5 times in the ecological emergency zone, 1.3 times in the ecological crisis zone, and 1.15 times in the ecological pre-crisis zone;

2. special supplies of medical equipment and medicine;

3. regular comprehensive physical examinations of all inhabitants of the region and the provision of preventive health services and social-medical assistance in all clinics and medical centers of the republic and other medical establishments according to the instructions of the appropriate public health agencies.

Section 13. Social Support of Population

1. The population of the ecological disaster zone will be eligible for the following:

1) the addition of ecological hazard differentials in the following amounts to the wages, pensions, stipends, and allowances of the inhabitants of the following zones:

—the ecological emergency zone—1.5;

—the ecological crisis zone—1.3;

—the ecological pre-crisis zone—1.2;

2) additional paid vacation time each year (over and above vacation benefits for hazardous working conditions):

—the ecological emergency zone—12 calendar days;

—the ecological crisis zone—9 calendar days;

—the ecological pre-crisis zone—7 calendar days;

3) financial assistance for therapeutic care at the time of the annual vacation in the amount of a month's wages or salary in addition to other payments.

2. Retired and disabled individuals living in the ecological disaster zone will be entitled to the following:

1) travel without charge on all types of municipal passenger transport (with the exception of taxis) and public motor transport in rural locations within the administrative region of the place of residence;

2) free medicine (on a physician's prescription) and free dental prostheses and prosthetic repairs (except in the case of prostheses made of precious metals);

3) priority access to health resort tickets issued by the place of employment or residence each year without charge for the treatment of an existing medical condition;

4) priority reservations for homes for the elderly and disabled;

5) a lump sum payment in the following amounts to compensate individuals who have been disabled and families who have lost a breadwinner for reasons related to the ecological disaster:

—the equivalent of two years of the minimum wage for individuals in disability category I;

—the equivalent of 1.5 years of the minimum wage for individuals in disability category II;

—the equivalent of one year of the minimum wage for individuals in disability category III;

—the equivalent of two years of the minimum wage for families without breadwinners;

6) an annual allowance for therapeutic care in the following amounts:

—three times the minimum wage for individuals in disability categories I and II;

—twice the minimum wage for individuals in disability category III.

Section 14. Protection of Mothers and Children

Women living in the ecological disaster zone will be entitled to the following:

1) maternity leaves in specialized establishments outside the ecological disaster zone;

2) a lump sum payment equivalent to four times the minimum wage for the birth of a child;

3) the reimbursement of 50 percent of the cost of products acquired for children registered with dispensaries;

4) annual therapeutic care for children (on the recommendations of a physician) without charge in pediatric establishments specializing in medical treatment and preventive health care and other medical establishments;

5) free travel within the republic to accompany a sick child to a treatment facility (including health resorts) on the recommendations of a medical establishment, with the extension of this provision to another individual accompanying the child if the mother is unable to travel.

Section 15. Additional Benefits and Privileges for Ecological Emergency Victims

The individuals listed in Section [illegible] law will be entitled to the following:

1) a discount of 30 percent on medicine (on a physician's prescription) and dental prostheses and prosthetic repairs (except in the case of prostheses made of precious metals);

2) priority access to health resort tickets issued by the place of employment or residence each year (for the treatment of an existing medical condition);

3) the acquisition of title to occupied living quarters without charge;

4) a discount of 50 percent on heat, water, gas, and electricity rates, and a discount of 50 percent on the cost of fuel purchased within the established limits for sales to the public for individuals living in homes without central heating;

5) an interest-free loan for private or cooperative residential construction with the obligation to repay only 50 percent of the loan.

Section 16. Addition Benefits and Privileges for Ecological Crisis Victims

The individuals listed in Section 7 of this law will be entitled to the following:

1) a discount of 20 percent on medicine (on a physician's prescription) and dental prostheses (except in the case of prostheses made of precious metals);

2) annual health resort tickets, to be issued by the place of employment or residence (for the treatment of an existing medical condition);

3) the acquisition of title to occupied living quarters without charge;

4) a discount of 25 [illegible] on heat, water, gas, and electricity rates, and a discount of 25 percent on the cost of fuel purchased within the established limits for sales to the public for individuals living in homes without central heating;

5) an interest-free loan for private (or cooperative) residential construction with the obligation to repay only 50 percent of the loan.

Section 17. Benefits and Privileges for Individuals Leaving Ecological Emergency Zone

1. The individuals listed in Section 6 of this law will be entitled to the following:

1) priority placement in jobs corresponding to their occupations and skills in the new place of residence, or, in the absence of jobs of this kind, in other jobs with a view to their wish or ability to master new occupations (or specialties), with the retention of wages according to the established procedure during the training period;

2) financial compensation for lost real estate and the reimbursement of the cost of moving to the new place of residence;

3) priority in the acquisition of parcels of land and an interest-free loan for private (or cooperative) residential construction with the obligation to repay only 50 percent of the loan.

2. Individuals assigned to disability categories I and II as a result of the ecological disaster will be entitled to priority housing assignments in the new place of residence, with the exception of oblast centers and the city of Alma-Ata.

Section 18. Benefits and Privileges for Individuals Sent to Work in Ecological Disaster Zone or Volunteering for Work There

Individuals who are sent to work in the ecological disaster zone or who volunteer to move there for work in the zone will be entitled to the following:

1) reserved living space in their previous place of residence during their stay in the ecological disaster zone;

2) a lump sum grant in the amount of a specialist's annual salary;

3) priority apartment assignments in the place of permanent residence for specialists who need better living conditions and have worked in the ecological disaster zone for at least five years.

Section 19. Social Guarantees and Benefits for Unemployed Individuals in Ecological Disaster Zone

The Republic of Kazakhstan Cabinet of Ministers and the heads of local administrations will secure the following:

1) priority allocations of financial and material resources for the creation of new jobs and the organization of paid public works;

2) the necessary conditions for the placement of migrants from the ecological emergency zone in jobs in ecologically favorable regions of the republic;

3) the payment of unemployment benefits to released workers in the amount of at least 75 percent of their basic wage in their last place of employment, but no more than the average wage in the ecological disaster zone and no less than the minimum subsistence figure stipulated in laws of the Republic of Kazakhstan;

4) priority (by means of quotas) admissions to higher, secondary specialized, and vocational and technical academic institutions for the mastery of professions which are suffering from an acute shortage of specialists and which are needed for the resolution of the problems of the cis-Aral region and to vocational training courses, with the unconditional provision of these individuals with communal living quarters during their period of training.

Section 20. Grounds for Revision or Cancellation of Benefits and Privileges

Benefits and privileges will be revised or canceled following changes in the status of territories and the status of citizens according to the procedure established by this law.

Section 21. Extension of Provisions of This Law to Citizens of Other States Affected by Ecological Disaster in Kazakh Portion of Cis-Aral Region

Citizens living outside the Republic of Kazakhstan who have suffered the effects of the ecological emergency or ecological crisis in the Kazakh portion of the cis-Aral region will be entitled to all of the privileges specified in this law in accordance with existing intergovernmental agreements.

Subdivision IV. Organizational and Economic Mechanism for Implementation of This Law

Section 22. Financial Backing and Mechanisms for Implementation of This Law

The implementation of the provisions of this law for the social protection of citizens will be financed by republic and local budget funds, as well as the resources of organizations and enterprises, donations, and charitable contributions.

The ecological recovery and socioeconomic development of the Kazakh portion of the cis-Aral region will be conducted in line with specific plans and state programs with a view to the requirements of this law.

Section 23. Oversight of Implementation of This Law

The implementation of this law will be overseen by the Republic of Kazakhstan Cabinet of Ministers and the heads of local administrations.

Section 24. Liability for Violation of This Law

Officials and citizens will be held liable for the failure to meet the requirements of this law in accordance with legislation of the Republic of Kazakhstan.

[Signed] **N. Nazarbayev**, president of the Republic of Kazakhstan
Alma-Ata, 30 June 1992

Decree on Implementation

925D0683B Alma-Ata KAZAKHSTANSKAYA PRAVDA in Russian 14 Aug 92 p 2

[Decree of Republic of Kazakhstan Supreme Soviet "On the Implementation of the Law of the Republic of Kazakhstan 'On Social Protection for Citizens Who Are Victims of the Ecological Disaster in the Cis-Aral Region,'" signed by Supreme Soviet Chairman S. Abdildin in Alma-Ata on 30 June 1992]

[Text] The Republic of Kazakhstan Supreme Soviet hereby decrees that:

1. The Law of the Republic of Kazakhstan "On Social Protection for Citizens Who Are Victims of the Ecological Disaster in the Cis-Aral Region" will go into force on 1 January 1993 in the ecological emergency zone and on 1 July 1993 in the ecological crisis and ecological pre-crisis zones.

2. The implementation of the law will be the responsibility of the Republic of Kazakhstan Cabinet of Ministers and the heads of oblast administrations.

3. The Republic of Kazakhstan Cabinet of Ministers will do the following:

1) develop the mechanism for the implementation of the Law of the Republic of Kazakhstan "On Social Protection for Citizens Who Are Victims of the Ecological Disaster in the Cis-Aral Region" and adopt the necessary legislative instruments;

2) secure the revision and rescission of legislative instruments contradicting this law;

3) complete the registration of victims of the ecological disaster in the cis-Aral region by 1 January 1993 in the ecological emergency zone and by 1 July 1993 in the ecological crisis and ecological pre-crisis zones;

4) establish a special agency before the end of 1992 with a scientific center to deal with the problems of the cis-Aral region, coordinate the activities of executive bodies, and oversee the implementation of laws and ukases of the president of the Republic of Kazakhstan for the ecological recovery of the cis-Aral region;

5) establish a republic fund for assistance to the population of the cis-Aral region, the recovery of the Aral Sea, and the restoration of the territory of the ecological disaster zone in the cis-Aral region and approve a statute before 1 January 1993 on the procedure for accumulating and spending the resources of this fund;

6) draft a law "On Territorial Legal Requirements and the Ecological and Financial Requirements of Economic Activity in Ecological Disaster Zones" and submit it to the Republic of Kazakhstan Supreme Soviet for consideration;

7) secure timely and objective reports to the public on the state of the environment in the cis-Aral region;

8) report the progress in the implementation of this law to the Republic of Kazakhstan Supreme Soviet in the second half of 1993.

4. Local soviets of people's deputies, the heads of local administrations, and enterprises and organizations will be advised to take measures to establish additional guarantees of social protection and improve the living conditions of citizens living in the ecological disaster zone.

[Signed] **S. Abdildin**, chairman of Republic of Kazakhstan Supreme Soviet
Alma-Ata, 30 June 1992

TAJIKISTAN

Republic Law on Education

Text of Law

925D0715A Dushanbe NARODNAYA GAZETA in Russian 29 Jul 92 pp 2-4

[Draft Law of Republic of Tajikistan on Education]

[Text] This law is intended to secure the exercise of the constitutional right of citizens to education within the territory of the republic and to lay the legal foundation for other legislative enactments of the Republic of Tajikistan pertaining to educational matters and promulgated in accordance with this law.

The Republic of Tajikistan will conduct a sovereign state policy in the sphere of education in accordance with the Constitution, the Declaration of the State Sovereignty of the Republic of Tajikistan, and international agreements and pacts, as well as the Universal Declaration of Human Rights, and will assign priority to the educational sphere.

Subdivision I. General Provisions

Section 1. Purposes of Educational Legislation

The legislation of the Republic of Tajikistan on education will serve the following purposes:

1. The regulation and development of relations between parties to the educational process.

2. The satisfaction of the educational needs and requirements of republic citizens and the protection of their constitutional right to education.

3. The definition of the principles of state policy in the sphere of education and the reinforcement of legality in this sphere.

4. The establishment of legal guarantees for the free functioning of educational establishments and the regulation of their relations with other spheres.

Section 2. Principles of State Education Policy

The Republic of Tajikistan will make its own decisions on educational matters and will be guided by the following basic principles:

1. The scientific, secular, and humanistic nature of education.

2. The connection between education and the national-cultural traditions of the Tajik people and other ethnic groups in the Republic of Tajikistan.

3. The integrity of the educational system and its continuity on different levels, and public access to education in state establishments of academic instruction.

4. The protection of the individual against all forms of discrimination in the educational sphere.

5. The democratic state-public management of education. The accessibility of the educational system and the independence of state educational establishments of the ideological aims and decisions of parties and sociopolitical movements.

6. The offer of the main types of education and instruction in state establishments of academic instruction free of charge.

Section 3. Right of Citizens to Education

1. Citizens of the Republic of Tajikistan will have the guaranteed right to a free education within its territory, irrespective of origin, gender, language, race, nationality, social and property status, type and nature of occupation, place of residence, beliefs, religious affiliation, and attitude toward religion.

2. Citizens of the Republic of Tajikistan will have the right to choose educational establishments, forms of instruction (full-time, evening, correspondence, external studies, and others), and the language of instruction. The Government of the Republic of Tajikistan will approve a list of occupations and specialties in which academic requirements cannot be satisfied by external studies.

3. To allow citizens needing social protection and assistance to exercise their right to education, the state will pay all or part of the cost of their maintenance during the period of instruction and will encourage charitable assistance for these students.

4. The state will encourage individuals with exceptional ability, give them social assistance, establish special grants, and send them to study abroad.

5. Foreign citizens will receive an education in the educational establishments of the Republic of Tajikistan in accordance with intergovernmental treaties and agreements, and foreign citizens living in the republic will receive the same education on general grounds.

6. The graduates of state and non-state educational establishments will have equal rights to be admitted to educational establishments on the next academic level.

Section 4. Language of Instruction

1. The Republic of Tajikistan will guarantee its citizens the freedom to choose a language of instruction and will provide them with a general secondary education in the official state language, or in the native languages of citizens of other nationalities in locations densely populated by these nationalities.

All non-Tajik establishments of academic instruction and academic groups, irrespective of their departmental

jurisdiction, will teach the state language and require fluency in this language in accordance with the standards set by the Republic of Tajikistan Ministry of Education.

2. The freedom to choose a language of instruction will be secured by the establishment of the necessary number of educational establishments, classes, and groups of the necessary type and the creation of the necessary conditions for their functioning.

Section 5. State Educational Standards

State educational standards in the Republic of Tajikistan will set the basic requirements for the educational level of the graduates of academic institutions. The procedure for setting and instituting state standards will be defined by the Government of the Republic of Tajikistan.

Subdivision II. Educational System

Section 6. Maintenance and Structure of Educational Establishments

1. In accordance with the Constitution of the Republic of Tajikistan, the republic will have a unified system of continuous education, providing citizens with a general education and vocational and special training, providing personnel with advanced training and retraining, and promoting the moral education and thorough development of the individual.

2. The following will be categorized as educational establishments:

—pre-school establishments;

—general educational establishments;

—special establishments of academic instruction;

—extracurricular establishments;

—vocational establishments(elementary and secondary specialized, production-training complexes, higher academic institutions, etc.);

—establishments for supplementary education and educational services.

3. Educational establishments may be:

—public or private;

—tuition-based or free;

—commercial or non-commercial.

4. The state educational establishment will be an autonomous legal entity and will be founded according to the procedure established by legislation of the Republic of Tajikistan.

5. The non-state educational establishment will acquire the rights of a legal entity at the time of its state registration according to the established procedure.

6. The legal basis for the activities of state educational establishments will be the statutes approved by the Republic of Tajikistan Cabinet of Ministers and the charters drawn up in accordance with them.

7. Educational establishments will undergo state-public certification by educational agencies, in accordance with the statute approved by an educational administrative agency of the Republic of Tajikistan, for the acquisition of a specific status (grammar school, preparatory school, institute, university, academy, etc.) and for evaluations of their performance.

8. The state will guarantee the observance of the rights of educational establishments.

Section 7. Founders of Educational Establishments

The founders of educational establishments may be republic and local government agencies, associations, enterprises, establishments, and organizations of all forms of ownership, public and religious organizations and associations, and individual citizens.

Section 8. Pre-School Education

1. Nursery schools, kindergartens, and other pre-school establishments for short-term, day, and round-the-clock care and various types of kindergartens with boarding facilities will be opened to assist families and to create more favorable conditions for the upbringing of infants and toddlers, with a view to the interests and needs of families.

2. The state will guarantee the financial and material support of pre-school education.

3. The purposes and functions of the pre-school establishment and the distinctive features of its organization will be defined with a view to ethnic, religious, socioeconomic, cultural, and other features and with a view to each specific type of pre-school establishment.

Section 9. General Secondary Education

1. General secondary education will secure the development of the personality, aptitudes, interests, and abilities of the individual and will serve as the main link of the educational system.

2. Schools of different types and structures (including the community school) will be established for a partial secondary education on three levels—elementary, basic, and senior—each of which will function autonomously while preserving continuity. The age and number of years on each level will be defined in the Statute on the General Educational School.

3. Basic education (eight years) will be compulsory.

4. Students will be admitted to the third level of instruction in general educational establishments on a competitive basis. By a decision of an administrative agency,

examinations may be required for promotion from one grade to another in a general educational establishment.

4a. Students who have reached the age of 15 may be expelled from state educational establishments by a decision of the school board.

5. Other forms of certification may be substituted for examinations for medical reasons and on other grounds stipulated in the charter of the educational establishment.

6. In addition to the classes required for compliance with state standards, general educational establishments may offer the following, to be financed by parents:

a) courses in academic majors;

b) electives;

c) advanced courses in certain subjects.

The curricula of these courses will be approved by the administrative agencies of general educational establishments.

7. Elementary vocational training may be offered in the secondary general educational school at the request of students and their parents (or guardians) in the presence of the necessary material base.

8. Orphans and adolescents without parental guardianship will be educated in children's homes and various types of general educational boarding schools established for them.

9. Children and adolescents requiring protected medical treatment will be educated in the general educational schools of convalescent homes, sanatorium boarding schools, and pediatric sanatoriums.

10. Children and adolescents with physical or mental handicaps precluding education in an ordinary general educational school will attend special (auxiliary) general educational schools and boarding schools, which will provide them with academic and moral instruction and medical treatment and will train them for socially useful labor.

11. Children and adolescents requiring special moral instruction will be educated in special schools or special vocational institutions for their social rehabilitation.

Note: The cost of maintaining and educating the children and adolescents referred to in subsections 8, 9, 10, and 11 will be covered in full or in part by the state.

Section 10. Extracurricular Instruction and Education

1. Extracurricular academic and moral education will be an integral part of the educational system and will be designed to develop the abilities and talents of children and older students and to satisfy their interests and spiritual needs.

Extracurricular work will be conducted in conjunction with institutions of academic instruction, labor collectives, cooperatives, public organizations, artistic groups, associations, foundations, and citizens and will be based on the principles of the voluntary choice of types of institutions and forms of activity in line with the student's interests.

2. Extracurricular establishments of academic and moral education will include art palaces, homes, stations, clubs, and centers for children and adolescents, sports schools for children and adolescents, art schools, painting and music studios, and therapeutic and other establishments.

The content and form of the work of extracurricular institutions will be decided by their councils in accordance with the Statute on Extracurricular Establishments. Students on all levels will have the right to use athletic and cultural facilities without charge and on preferential terms. The procedure for granting these privileges will be defined by local soviets of people's deputies.

Section 11. Elementary Vocational Education

1. The general educational establishment for elementary vocational education (vocational and technical institutes and courses, academic-production training centers, etc.) will give citizens an opportunity to learn the skills of labor occupations and specialties or to undergo retraining or advanced training as part of their basic education in order to satisfy the need for skilled personnel in certain sectors of the national economy.

2. Elementary vocational education may be acquired in general educational establishments (vocational institutes, the personnel training, retraining, and advanced training courses, including temporary courses, at enterprises, establishments, and organizations, and other general educational establishments).

3. The state will guarantee citizens an opportunity to learn the skills of one occupation without charge in any type of elementary vocational educational establishment and to undergo retraining on the recommendations of the employment service and will establish the necessary conditions for the provision of citizens with a general educational background in general educational establishments for elementary vocational education and the provision of individuals without a basic education with an opportunity to learn the skills of an occupation.

4. The list of occupations to be taught in elementary vocational education will be approved by the Government of the Republic of Tajikistan.

Section 12. Secondary Vocational Education

1. Educational establishments of secondary vocational education (vocational and technical institutes, lyceums, and colleges, secondary specialized academic institutions, and other educational establishments of equivalent status) will give citizens an opportunity to acquire a

highly skilled labor occupation or a specialty on the basis of an elementary vocational basic education and a complete secondary education and to undergo retraining and advanced training.

Citizens with a basic education may acquire a complete secondary education at the same time as the secondary vocational education.

2. Educational establishments of secondary vocational education will give citizens with a secondary vocational education or a higher level of education the opportunity to undergo vocational training.

3. State educational establishments of secondary vocational education will guarantee citizens an opportunity to acquire one labor occupation or specialty without charge.

Section 13. Higher Education

1. Higher education will provide citizens with the necessary level of basic scientific, general cultural, and special training in accordance with their interests and abilities and subsequent advanced training and retraining.

Higher education in the Republic of Tajikistan will be conducted on the basis of a complete general secondary and vocational education and will be financed mainly by the state.

2. Universities, academies, institutes, or other higher academic institutions of equivalent status will be opened for higher education.

Higher academic institutions in the republic may take the form of academic-scientific or academic-scientific-production complexes.

Post-graduate and doctoral courses of study will be established for the training of personnel in the pedagogical sciences in higher academic institutions, scientific establishments, and organizations with prestigious scientific schools and advanced material and technical facilities.

3. Higher academic institutions will perform their activities on the basis of the Statute on the Higher Academic Institution.

4. The graduates of higher academic institutions will be awarded the title of junior specialist and bachelor's and master's degrees as skilled specialists with a higher education in a specific professional field or specialty.

5. Academic degrees of the candidate and doctor of sciences will be awarded according to the established procedure following the defense of a dissertation.

The academic titles of professor, docent, and senior scientific associate will be awarded by the academic councils of higher academic institutions and will be approved according to the established procedure.

6. Scientific activity in the system of higher education will be conducted by scientific teams and individual scholars on the basis of agreements, contracts, state orders, programs, and plans. Scientific and scientific-production subdivisions, temporary artistic groups, associations, and societies, technological parks, centers for new information technology and for scientific and technical creativity, and other entities, including partnerships with foreign organizations, will be established for this purpose.

Section 14. Post-Graduate Vocational Education

1. Post-graduate education will offer citizens of the Republic of Tajikistan an opportunity to improve their professional, scientific, and teaching skills and acquire new skills in higher academic institutions, scientific establishments and organizations, institutes, and specialist advanced training courses.

2. Personnel advanced training and retraining courses will be offered by academic institutions on the basis of contracts with state, cooperative, public, leased, private, and joint enterprises, establishments, organizations, and other associations.

Section 15. Organization of Process of Academic Instruction

State agencies for the administration and supervision of education will secure the necessary conditions for the functioning of establishments of academic instruction by means of the proper organization of their activities and the reinforcement and development of their material and technical base.

Pedagogical personnel may not be diverted from the performance of their assigned duties, students on all levels may not be asked to perform agricultural work or other work not connected with the academic process, the buildings of state establishments of academic instruction may not be used for other purposes, and the process of academic instruction may not be disrupted by public and state agencies, organizations, enterprises, establishments, or citizens and their associations.

Section 16. Documents on Education and Mastery of Skills

1. State educational establishments, with the exception of pre-school establishments, will award their graduates an official state document attesting to their level of education and qualifications, and non-state educational establishments will also have the right to do this after they have undergone state certification according to the established procedure.

2. Individuals graduating from the basic (partial secondary) school will be awarded a certificate of partial secondary education.

Individuals graduating from the secondary general educational school will be awarded a secondary school diploma, and those who have mastered an occupation

according to the established procedure will be awarded certificates (or credentials) of professional qualifications (skill level, class, or category).

Individuals graduating from a secondary vocational, specialized, or higher academic institution and acquiring a profession and skills in a particular specialty will be awarded an official diploma and badge.

3. Documents attesting to levels of education, occupational skills, and professional qualifications will be recognized in the Republic of Tajikistan if they have been awarded by academic institutions in states with which the republic has the appropriate agreements.

Section 17. Job Placement Services for Graduates of Vocational Educational Establishments

Job placement services will be offered to graduates of vocational educational establishments in accordance with the laws of the Republic of Tajikistan on labor and employment.

Subdivision III. Administration of Educational System

Section 18. Administration of Educational System in Republic of Tajikistan

The system of education in the Republic of Tajikistan will be administered jointly by the state and the public, represented by state governing and administrative bodies and public education boards, in accordance with the Constitution of the Republic of Tajikistan.

Section 19. State Bodies of Educational Administration

The state bodies of educational administration in the Republic of Tajikistan will be the following:

—the Republic of Tajikistan Cabinet of Ministers;

—the Republic of Tajikistan Ministry of Education;

—ministries and departments of the Republic of Tajikistan with institutions of academic instruction;

—local soviets of people's deputies and their corresponding structural subdivisions.

Section 20. Jurisdiction of Republic of Tajikistan Cabinet of Ministers in Education

The Republic of Tajikistan Cabinet of Ministers will do the following:

1. Make and conduct state policy in the sphere of education.

2. Make decisions on the establishment, reorganization, and liquidation of higher and secondary specialized academic institutions of national jurisdiction, the academic institutions of vocational education, and various types of special academic and instructive institutions.

3. Consider and approve republic programs for the development of education, including inter-republic and international programs.

Arrange for the material-technical and financial support of these programs.

4. Establish the following:

a) state standards for the financing of the educational system and the procedure for financing educational establishments;

b) the minimum wages and salaries of personnel in the educational system and the size of grants for secondary and VUZ students, graduate students, probationary students, researchers, doctoral candidates, and others;

c) the privileges and amounts of financial maintenance for students on all levels and the pedagogical personnel of educational establishments;

d) education taxes and fees;

e) the procedure for the certification, accreditation, and licensing of educational establishments and the procedure for the certification of pedagogical and scientific personnel.

5. Approve statutes on educational establishments.

6. Create a single system of education statistics for the Republic of Tajikistan.

Section 21. Jurisdiction of Republic of Tajikistan Ministry of Education

The Ministry of Education will be the agency in charge of the state administration of education in the Republic of Tajikistan.

The Republic of Tajikistan Ministry of Education will do the following:

1. Implement state policy in the sphere of education.

2. Conclude intergovernmental agreements on cooperation in education.

3. Draw up statutes on educational establishments in the republic and submit them to superior agencies for approval.

4. Issue licenses for the establishment of academic institutions and for changes in their academic emphasis and status in accordance with the Law "On Entrepreneurial Activity in the Republic of Tajikistan" and the accreditation forms for the establishment of academic institutions and for changes in their academic emphasis and status.

5. Draft and approve approximate curricula and the main programs of instruction for educational establishments in the Republic of Tajikistan and monitor their observance in all academic institutions, irrespective of their departmental jurisdiction.

6. Resolve personnel issues according to the established procedure and define the content and methods of training, advanced training, and certification for pedagogical personnel.

7. Draft administrative documents on the material and financial maintenance of establishments of academic instruction and the payment of wages in the sphere of public education, approve these documents after consultations with the appropriate ministries and departments of the Republic of Tajikistan, and submit documents to superior agencies for approval when necessary. Monitor the financial and economic activities of establishments of academic instruction and other establishments under the jurisdiction of the ministry.

Section 22. Jurisdiction of Other Ministries and Departments in Sphere of Education

1. In conjunction with the Republic of Tajikistan Ministry of Education, other ministries and departments of the Republic of Tajikistan will do the following:

a) establish, reorganize, and liquidate the educational establishments under their jurisdiction, appoint and dismiss their administrators, and approve the general statutes on the activities of educational establishments within their sphere of regulation or under their jurisdiction;

b) approve the curricula, programs of instruction, and textbooks of academic institutions under their jurisdiction and arrange for their preparation and publication;

c) establish state educational standards for the vocational academic institutions under their jurisdiction.

2. Administer the retraining, advanced training, and certification of the scientific-pedagogical personnel of academic institutions under their jurisdiction.

Section 23. Jurisdiction of Local Soviets of People's Deputies in Sphere of Education

1. Local soviets of people's deputies will be guided by the Law of the Republic of Tajikistan "On Local Self-Government and the Local Economy in the Republic of Tajikistan" and legislation of the Republic of Tajikistan on education in the implementation of state policy in the sphere of education and the drafting and implementation of territorial programs for the development of education with a view to ethnic, regional, socioeconomic, cultural, demographic, and other features.

2. Form the appropriate bodies for the state administration of education and direct their activities.

3. Establish, reorganize, and liquidate educational establishments and other organizations of the educational system within the confines of their jurisdiction.

4. Establish a territorial budget and funds for the development of education and secure the necessary material-technical status of educational establishments and other organizations of the educational system.

5. Establish and finance additional privileges and the standards and forms of material security for students on all levels and the pedagogical personnel of educational establishments.

6. Arrange for the training, retraining, and advanced training of pedagogical personnel.

7. Monitor the execution of laws of the Republic of Tajikistan on education and the observance of state educational standards.

Section 24. Administration of State Educational Establishments

1. The state educational establishment will be administered in accordance with legislation of the Republic of Tajikistan and the charter of the educational establishment.

2. The general supervision of the establishment of academic instruction will be the responsibility of the board of the establishment of academic instruction, and direct supervision will be the responsibility of the head, the director, the rector, or other administrator.

3. Supervisory and public administrative agencies will make decisions within the confines of their jurisdiction on the academic and moral instruction, scientific research, instructional procedures, and financial and commercial activities of establishments of academic instruction.

4. Interference by government bodies in the academic, scientific, economic, and other activities of the state educational establishment will be allowed only in the cases envisaged by laws of the Republic of Tajikistan.

Section 25. Self-Government of State Educational Establishments

The agencies of self-government of state educational establishments (the board of the academic institution, the pedagogical and academic councils, the parents committee, and others) will do the following:

1. Approve the establishment charter in line with general statutes on the corresponding type of educational establishment.

2. Determine the prospects for the basic financial and economic operations of the educational establishment.

3. Monitor the financial and material status of the educational establishment.

Agencies of self-government will have the right to obtain information about the activities of the educational establishment from the administration within the confines of their jurisdiction.

The jurisdiction of the agencies of self-government of state educational establishments will be defined by the general statutes on the activities of the corresponding type (or level) of educational establishment.

Section 26. Political and Religious Activity in Establishments of Academic Instruction

Political and religious interference by political parties and movements and religious establishments in the process of academic instruction will not be allowed in state establishments of academic instruction.

Students on all levels and educational personnel may form trade unions and non-political public organizations in establishments of academic instruction.

All of the activities of the public organizations must be scheduled as extracurricular events.

The membership of students on all levels and pedagogical personnel in political parties and religious organizations operating within the confines of the Constitution of the Republic of Tajikistan will not be an obstacle to academic instruction or pedagogical work.

Section 27. Scientific Bases and Scientific Support of Education

1. Education in the Republic of Tajikistan will be developed and improved on the basis of scientific, technical, and cultural achievements and in accordance with national traditions.

Educational agencies will work with the Academy of Sciences of the Republic of Tajikistan and scientific research establishments to arrange for the incorporation of scientific, technical, and cultural achievements in the work of establishments of academic instruction.

2. Scientific support for education will be provided by higher academic institutions, academy and sectorial research institutes, advanced training institutes, and other procedural bodies in conjunction with the appropriate unions, associations, and societies.

Section 28. Psychological Support of Process of Academic Instruction

The state psychological service will be active in the educational system. The psychological support of the process of academic instruction in educational institutions will be provided by practicing psychologists.

Section 29. Role of Scientific, Technical, and Cultural Personnel in Academic Instruction

Members of the scientific and cultural communities and the personnel of state, public, and religious organizations, artistic unions, associations, and foundations may participate in the process of academic instruction by a decision of the board, supervise the activities of special associations of students on all levels, promote the intellectual and spiritual development of students on all levels, and offer pedagogical personnel counseling services.

Subdivision IV. Parties to Educational Process

Section 30. Parties to Educational Process

The parties to the educational process will be the following:

a) elementary, secondary, and VUZ students, candidates for bachelor's and master's degrees, student-trainees, cadets, graduate research students (academic assistants, interns, and clinical residents), doctoral candidates, candidates for other degrees in educational and scientific establishments, and students in the preparatory divisions of higher academic institutions and in the personnel retraining and advanced training system;

b) tutors, teachers, instructors, production training foremen, other pedagogical personnel, scientific associates, and the personnel of extracurricular and other establishments of academic instruction and establishments of the personnel retraining and advanced training system;

c) the parents (or guardians) of students on all levels and the educators in group homes for children;

d) representatives of sponsoring and other enterprises, establishments, associations, foundations, and public and cooperative organizations and individual citizens participating in the work of establishments of academic instruction.

Section 31. Rights of Secondary and VUZ Students, Candidates for Bachelor's and Master's Degrees, Cadets, Probationary Students, Student-Trainees, Graduate Research Students, Doctoral Candidates, and Candidates for Other Degrees

1. Secondary and VUZ students, candidates for bachelor's and master's degrees, cadets, probationary students, student-trainees, graduate research students, doctoral candidates, and candidates for other degrees will have the following rights:

a) to choose an area of academic emphasis, the form and duration of academic instruction, and individual programs of extracurricular activity;

b) to use the production-training, scientific, cultural, athletic, personal, and medical facilities of the institution of academic instruction;

c) to seek access to information in all fields of knowledge;

d) to participate in public means of self-government, in the organizations of amateur associations, in research, design, and other forms of scientific activity, and in conferences, athletic competitions, and contests and to

seek assignments for scholarship, practice, or training programs in other academic institutions, including institutions abroad;

e) to stop attending establishments of academic instruction for valid reasons and to continue their education in their profession or specialty in accordance with their qualifications;

f) to defend themselves against the actions of administrations and pedagogical and other personnel who violate their rights or commit affronts to their honor and dignity;

g) to apply for grants and stipends, space in dormitories and boarding facilities, medical assistance and treatment in establishments of academic instruction, free or low-cost meals and transportation services, and other types of material assistance according to the procedure established by law.

2. Graduate research students, doctoral candidates, and candidates for other degrees will be provided by their sponsors with the necessary work assignments, full reimbursement for expenses connected with the defense of dissertations, the necessary housing and utilities, and financial security (the average wage) equivalent to their level of security prior to the course of academic study, with adjustments proportional to changes in the prices of goods and services.

3. Secondary and VUZ students undergoing production training and practice programs will be provided with jobs, safe working conditions, and the appropriate level of wages according to the established procedure.

Section 32. Obligations of Secondary and VUZ Students, Candidates for Bachelor's and Master's Degrees, Cadets, Probationary Students, Student-Trainees, Graduate Research Students, and Candidates for Other Degrees

The obligations of secondary and VUZ students, candidates for bachelor's and master's degrees, cadets, probationary students, student-trainees, graduate research students, doctoral candidates, and candidates for other degrees will be based on the corresponding educational requirements and will envisage the following:

a) the systematic and thorough command of knowledge, practical skills, and professional qualifications and the enhancement of general cultural awareness;

b) the observance of the status and rules of the institution of academic instruction, the law, and the moral and ethical standards of communal living.

Section 33. Additional Privileges of Elementary, Secondary, and VUZ Students, Candidates for Bachelor's and Master's Degrees, Cadets, Probationary Students, Student-Trainees, Graduate Research Students, and Doctoral Candidates

1. Elementary, secondary, and VUZ students, candidates for bachelor's and master's degrees, cadets, probationary students, student-trainees, graduate research students, and doctoral candidates may be eligible for additional types of social and financial benefits and privileges to be financed by local soviets of people's deputies, state, cooperative, public, and private enterprises, establishments, and organizations, the personal funds of citizens, legal entities and private individuals outside the republic, charitable foundations, and the earnings of secondary and VUZ students.

2. Part-time students who are still working in the production sphere will be eligible for additional vacation time and a shorter work day or work week in accordance with labor legislation.

Section 34. Pedagogical Personnel

Pedagogical work may be performed by individuals with the necessary secondary specialized or higher education, the necessary professional skills, and the required qualifications in their specialty, and vocational training in some cases, and with the necessary moral qualities.

Pedagogical personnel will be certified periodically. The suitability of individuals for the positions they occupy and the level of their qualifications and skills will be determined according to the results of the certification.

Individuals occupying pedagogical positions will be dismissed from pedagogical jobs according to the procedure established by labor laws of the Republic of Tajikistan if they are discovered to be unsuitable for these positions because of inadequate qualifications, if they commit immoral acts incompatible with the continuation of pedagogical work, or if the state of their health prevents them from performing pedagogical functions.

Individuals who are prohibited from occupying pedagogical positions by court order or for medical reasons, the list of which will be approved by the Government of the Republic of Tajikistan, may not occupy pedagogical positions in educational establishments.

The procedure for the hiring of personnel for educational establishments will be regulated by their charters. Labor relations will be defined in an agreement (or contract) concluded between personnel and the educational establishments.

Section 35. Rights of Pedagogical Personnel

Pedagogical personnel, scientific associates, and other personnel of establishments of academic instruction and establishments in the personnel retraining and advanced training system will have the right to do the following:

a) to defend their professional honor and dignity and to be furnished with the proper conditions for their professional activities, the improvement of their skills according to the established procedure, the exercise of pedagogical initiative, and the dissemination of their experience, and the freedom to choose effective forms, methods, and means of instruction;

b) to participate in the management of establishments of academic instruction and to be provided with medical services, treatment in health resorts, and free housing with electricity and heat in rural communities and urban settlements;

c) to claim priority housing rights and the transfer of title to state-assigned housing without charge after at least 10 years of continuous pedagogical service. Pedagogical personnel will also be entitled to progressively longer paid vacations and retirement pensions.

Educational personnel may not be released from their professional duties without legal cause.

Section 36. Obligations of Pedagogical Personnel

Pedagogical personnel will be obligated to do the following:

a) to secure the mastery and completion of curricula and scientific programs meeting state requirements by secondary and VUZ students, cadets, probationary students, student-trainees, graduate research students, and doctoral candidates;

b) to promote the development of the abilities of children and of secondary and VUZ students;

c) to teach respect for parents, classmates, and the older generation, for the national culture and history of the country of residence and country of origin, for their governments and social orders, and for morals and customs, and environmental awareness; to prepare students to live intelligently in the spirit of mutual understanding and harmony between different nationalities and ethnic, national, and religious groups;

d) to observe pedagogical ethics and moral standards and to respect the rights and dignity of students on all levels;

e) to defend children and young adults against all forms of physical or mental abuse and to work toward the prevention of alcohol and drug abuse.

Section 37. Incentives for Pedagogical Personnel

Pedagogical personnel will be nominated for state awards and honorary titles and distinguished with state prizes, special medals and badges, certificates, and other forms of moral and material encouragement for exceptional performance in the education and instruction of youth.

Section 38. Rights of Parents and Guardians

Parents and guardians will have the following rights:

a) to choose an institution of academic instruction for their minor children;

b) to participate in public agencies for the self-government of establishments of academic instruction;

c) to address government bodies and public administrative agencies on matters connected with the education and instruction of their children;

d) to defend the legal interests of their children in the appropriate government and judicial bodies.

Section 39. Obligations of Parents and Guardians

Parents and guardians will be obligated to do the following:

a) to display constant concern for the physical and mental health of children; to prepare them for school and establish the necessary conditions for the development of their abilities;

b) to respect the dignity and rights of children;

c) to instill them with humanistic values, good work habits, a sense of decency and kindness, respect for their family and their native language, literature, and history, and respect for the national history and cultural values of other nationalities;

d) to help children obtain an education in educational institutions and institutions of academic instruction or provide them with a good education with home studies meeting state requirements;

e) to teach children respect for the law, for human rights and freedoms, and for the rules of communal living.

Parents and guardians who prevent children from obtaining an education or neglect their upbringing will be held liable in accordance with laws of the Republic of Tajikistan.

Subdivision V. Financial and Economic Operations of Establishments, Organizations, and Enterprises of Educational System

Section 40. Principles and Conditions of Financial and Economic Operations in Educational System

1. The main sources of financing for the production training, scientific and economic activity, and social development of educational establishments and organizations will be republic and local budgets, the funds of enterprises and organizations, and other sources. State financing requirements, calculated per student at each form and type of educational establishment, will be adjusted regularly in response to changes in the rate of inflation to achieve a consistent increase in actual expenditures per student.

Educational establishments will be granted complete financial autonomy.

2. Educational establishments, organizations, and enterprises of all forms of ownership will accumulate financial resources, including hard currency, by performing educational and other services. The funds they receive from other sources will not reduce the absolute amounts of

state budget financing for educational establishments for the maintenance of state educational standards.

3. The following may serve as additional sources of financing for educational establishments and organizations:

a) income from the sale of the products and services of production training divisions;

b) fees for work (or services) of a scientific and material nature;

c) the training, advanced training, and retraining of personnel on contracts and on compensatory terms;

d) other commercial production and other types of operations not prohibited by republic law and not conducted to the detriment of the establishment's main functions;

e) voluntary, charitable, and other contributions from state, cooperative, public, and other enterprises, organizations, and establishments and private individuals and other donations.

Paid services may not be substituted for activity financed by budget funds through the replacement of free services with services requiring fees.

The financial resources of state educational establishments will be used in accordance with the statutes approved by the Republic of Tajikistan Cabinet of Ministers and the charters of the educational establishments, irrespective of forms of ownership.

The resources the educational establishment does not use during the report period may not be confiscated and may be used later. All of the savings in expenditures on the financial support and benefits of students on all levels may be used for these purposes in subsequent periods.

Section 41. Wages of Personnel of Educational Establishments

1. The minimum wages and salaries of the pedagogical personnel of educational establishments will be set above the wages of the personnel of state institutions and industrial enterprises.

2. The salaries of auxiliary teaching and support personnel will be higher than the wages paid to comparable categories of personnel.

3. Supplementary remuneration for pedagogical and organizational work performed in addition to assigned duties will be paid in accordance with existing legislation.

4. The personnel of educational establishments may not be recruited to perform functions outside their main sphere of activity without the consent of the personnel, except in cases envisaged by the labor laws of the Republic of Tajikistan.

5. Educational establishments may institute wage and salary differentials and use various progressive forms of remuneration and labor incentives as long as they stay within the limits of the existing wage fund.

Section 42. Government Efforts To Stimulate Education

1. Educational establishments will be exempt from all types of taxes, fees, and duties.

2. Enterprises and organizations in which at least 35 percent of the charter assets belong to the educational system will be exempt from the payment of turnover tax on the products they deliver to the educational system.

3. Producers of goods and services for the educational system will be eligible for the privileges granted to producers of consumer goods.

4. When the taxes on enterprise profits are calculated, taxable profits will be reduced by the percentage of products (or works and services) sold to educational establishments and educational administrative agencies.

5. The portion of enterprise profits invested in the development of the educational system, including funds for research and experimental design projects, will be exempt from all types of taxes, fees, and duties subject to collection as republic budget revenue.

6. Enterprises participating in the implementation of republic and regional programs for the development of education may be granted tax and other privileges according to the procedure established in legislation of the Republic of Tajikistan.

7. Enterprises and organizations supplying the material resources needed for the operation of educational establishments and the production of teaching aids and instructional tools and equipment will be granted tax credits of 50 percent on the profits from the sale of these resources.

8. Publishing houses and printing plants will receive state orders for instructional and academic-procedural literature in an amount equivalent to at least 15 percent of their total product and will be granted a tax credit of 25 percent on this portion of their profits.

9. Enterprises engaged in the construction of educational facilities and housing for pedagogical personnel will have the following privileges: a 25-percent increase in total wages in the estimated cost of the projects completed on schedule, with the inclusion of these expenditures in the construction estimate; an increase of up to 5 percent in the estimated cost of construction and installation work for larger bonuses for the completion of these projects on schedule.

10. New enterprises and organizations of the educational system will be exempt from all types of taxes and payments for the first two years.

Section 43. Property Rights of Educational Establishments

The property of educational establishments and organizations will be owned by their founders, and they may choose to transfer ownership or management rights directly to the educational establishments and organizations.

Establishments of academic instruction will have the right to own, use, and dispose of property within the limits established by law.

Section 44. Material and Technical Base of Establishments of Academic Instruction

The material and technical base of establishments of academic instruction will include buildings, installations, supply lines, machines, equipment, vehicles, and other property used routinely by these establishments.

The development of the material and technical base of educational establishments will be assigned priority and will be carried out in line with established standards.

The material and technical base and property of educational establishments may not be confiscated or used for purposes conflicting with the basic objectives and interests of educational establishments.

Section 45. Specialist Training Contract

The training and retraining of personnel for the republic economy may be conducted on the basis of contracts concluded by ministries, departments, enterprises, organizations, and private individuals with academic institutions.

Section 46. Scholarship Fund

A scholarship fund will be set up in state educational establishments for the offer of financial assistance to students when necessary.

The scholarship fund will be set up with budget resources in the amount of at least 1 percent of the estimated expenditures of the educational establishment and the resources of enterprises, establishments, organizations, kolkhozes, and cooperative and trade-union organizations, and other income.

The scholarship fund will be used to provide needy students with free or low-cost meals, clothing, and footwear, to offer other types of material assistance, to finance medical treatment, and to cover other expenditures envisaged by law.

Section 47. Donations

Enterprises, organizations, establishments, cooperatives, public organizations, and private individuals may build, furnish, and donate residential and non-residential premises, equipment, instruments, books, and other types of property and money to establishments of academic instruction. Donations to establishments of academic instruction may be made conditional upon the use of the property for the expansion of the base of instruction, the improvement of teaching procedures, or the use of the donor's name or title.

The establishments of academic instruction built with the funds of individual citizens, public organizations, and cooperatives or receiving donations of property or money from them may bear their names or titles at their request.

Section 48. Health Care and Organization of Meals and Cultural Services in Educational System

1. The protection of the health of elementary, secondary, and VUZ students will be the responsibility of public health agencies and the appropriate departmental medical organizations.

2. The organization of meals in establishments of academic instruction will be the responsibility of agencies in charge of food service management. The executive committees of local soviets of people's deputies and the administrators of farms will provide the students of general educational schools with free meals and the students of higher and secondary specialized academic institutions with low-cost meals.

3. State agencies in charge of cultural affairs will give establishments of academic instruction the necessary assistance in maintaining the physical fitness and cultural awareness of students on all levels.

4. Physical education for elementary, secondary, and VUZ students will be the responsibility of establishments of academic instruction and the agencies in charge of the development of physical culture and sports.

5. Educational agencies and the administrators of establishments of academic instruction will be responsible for the feeding, cultural development, and safety of students on all levels and for their provision with the necessary medical services.

Section 49. Liability for Violations of Education Laws

Officials and citizens violating laws on education will be held liable in accordance with legislation of the Republic of Tajikistan.

Subdivision VI. International Relations in Educational System

Section 50. Intergovernmental Cooperation

The Republic of Tajikistan's cooperation with other states in the sphere of education will be based on intergovernmental treaties and agreements.

Section 51. International Cooperation

1. Educational administrative agencies on all levels, establishments of academic instruction, and other establishments, organizations, and enterprises of the educational system will have the right to establish direct

contact with foreign and international establishments and organizations. Their international activities will be conducted in accordance with legislation of the Republic of Tajikistan.

2. Citizens of foreign states will be educated and will undergo retraining and advanced training on the basis of international agreements concluded by the Government of the Republic of Tajikistan and contracts concluded by educational establishments and organizations with foreign establishments and organizations or individual foreign citizens.

3. If the provisions of an international treaty of the Republic of Tajikistan conflict with the provisions of education laws of the Republic of Tajikistan, the provisions of the international treaty will apply.

Section 52. Foreign Economic and Commercial Activity

Administrative agencies on all levels, establishments of academic instruction, and other establishments, organizations, and enterprises of the educational system may be granted the right to conduct foreign economic activity and to negotiate contracts and other legal documents with foreign contracting parties on their own behalf and in accordance with legislation of the Republic of Tajikistan.

They will have the right to open foreign currency accounts. The foreign currency resources accumulated by establishments of academic instruction and organizations of the educational system as a result of foreign economic activity will remain wholly at the disposal of these establishments and organizations in their foreign currency accounts or may be partially centralized in republic educational administrative agencies with their consent.

Establishments of academic instruction and other educational establishments, organizations, and enterprises may form joint ventures with foreign firms in accordance with legislation of the Republic of Tajikistan.

Decree on Implementation

925D0715B Dushanbe NARODNAYA GAZETA in Russian 29 Jul 92 p 4

[Decree of Presidium of Republic of Tajikistan Supreme Soviet on draft law of Republic of Tajikistan "On Education," signed by acting Chairman A. Iskandarov in Dushanbe on 18 July 1992]

[Text] The Presidium of the Republic of Tajikistan Supreme Soviet hereby decrees that:

The draft law of the Republic of Tajikistan "On Education" will be published in the press for nationwide discussion.

[Signed] **A. ISKANDAROV**, acting chairman of the Republic of Tajikistan Supreme Soviet
18 July 1992
Dushanbe

UZBEKISTAN

Law on Trade Unions

Text of Law

925D0692A Tashkent NARODNOYE SLOVO in Russian 29 Jul 92 p 2

[Law of the Republic of Uzbekistan: "On Trade Unions, Rights and Guarantees of Their Activity"]

[Text]

Section I. General Provisions

Article 1. Trade unions

The trade union is a voluntary public organization uniting working people connected by common interests in terms of the nature of their activity both in the production and nonproduction spheres for the protection of the labor and socioeconomic rights and interests of their members.

Article 2. Right to associate in trade unions

Working people and also persons attending higher and secondary specialized educational institutions (Footnote 1) (henceforward called working people) have without any distinction the right to voluntarily create as they choose and without prior authorization trade unions and also the right to join trade unions, given compliance with the bylaws.

Working people have the right to create trade unions at enterprises, in institutions and organizations, and at other places of work. (Footnote 2) (Enterprises [associations], establishments, and organizations, regardless of forms of ownership and management, and higher and secondary specialized educational institutions and vocational-technical schools, are henceforward called enterprises, and their organs of administration, management. Other places of work refer to individual and other labor activity.)

The procedure of nonworking retirees' membership of a trade union or withdrawal therefrom is regulated by the unions' bylaws.

Unions may on a voluntary basis create republic and other territorial and sectoral associations and also join them.

Union bylaws are registered in the procedure established by the law of the Republic of Uzbekistan "On Public Associations in the Republic of Uzbekistan".

All unions enjoy equal rights.

Article 3. Independence of unions

Trade unions are in their activity independent of organs of state administration, economic-planning authorities,

and political and other public organizations, are not accountable to them, and do not fall within their jurisdiction, other than in the instances specified by legislative instruments. Any interference which could limit the rights of the unions or impede the exercise thereof is prohibited.

Trade unions independently draw up and confirm their bylaws, determine their structure, elect the directive bodies, organize their activity, and hold meetings, conferences, plenums, and congresses.

In accordance with their statutory goals and tasks, trade unions have the right to cooperate with the unions of other countries and to join international and other trade union associations and organizations at their discretion.

Article 4. Prohibition of discrimination against citizens on the basis of affiliation with trade unions

Affiliation or nonaffiliation with trade unions does not entail any limitation of the labor, socioeconomic, political, and personal rights and liberties of the citizens guaranteed by legislation. Making hiring and promotion and also the dismissal of working people dependent on affiliation with a particular trade union and membership or withdrawal therefrom is prohibited.

Article 5. Termination or prohibition of the activity of trade unions

The activity of trade unions is terminated following a decision by its members in the procedure determined by the bylaws.

In the event that the activity of trade unions and their associations is contrary to the Constitution of the Republic of Uzbekistan, it may be prohibited by a ruling of the Supreme Court of the Republic of Uzbekistan upon a submission from the procurator general of the Republic of Uzbekistan. Banning the activity of trade unions in accordance with the decision of any other authorities is prohibited.

Article 6. Legislation governing trade unions, rights and guarantees of their activity

Legislation governing trade unions, rights and guarantees of their activity consists of this law, defining the fundamentals of the legal position of these public organizations and other acts of legislation of the Republic of Uzbekistan.

The particular features of the application of this law in the armed forces, the internal affairs authorities, the national security services of the Republic of Uzbekistan, the interior forces, and other army formations are determined by the legislation governing these formations.

The organization of trade unions, rights and guarantees of their activity in the Republic of Karakalpakstan are determined by legislation of the Republic of Karakalpakstan.

Section II. Basic Rights of the Trade Unions

Article 7. Rights of the Council of the Federation of Trade Unions of Uzbekistan to participation in the elaboration of laws and enforceable enactments

The Council of the Federation of Trade Unions of Uzbekistan has the right to participate in the elaboration of legislative instruments pertaining to labor and socioeconomic matters.

The Council of the Federation of Trade Unions of Uzbekistan has the right to submit proposals concerning the adoption of enforceable enactments pertaining to labor and socioeconomic matters to the appropriate organs of state administration and also to economic-planning and cooperative authorities.

Enforceable enactments affecting the labor and socioeconomic rights and interests of the working people are adopted by organs of state administration and economic-planning authorities, with prior notification of the Council of the Federation of Trade Unions of Uzbekistan of no less than a week.

Article 8. Rights of the unions with respect to defense of the right to labor

The trade unions defend their members' right to labor and participate in the elaboration of official employment policy. They propose measures pertaining to the social protection of persons laid off from enterprises determined by a collective contract on the basis of legislation.

The liquidation of an enterprise and its structural subdivisions and the complete or partial stoppage of production on the initiative of management, the owner, or a management body which he has authorized, entailing a reduction in jobs or a deterioration in work conditions may be undertaken only given prior notification, of not less than three months, of the corresponding trade unions and negotiations with them on compliance with the working people's rights and interests.

The unions exercise supervision of the state of employment and compliance with legislation in this sphere.

A labor contract may be canceled on the initiative of management only with the prior consent of the corresponding trade union committee in accordance with the laws of the Republic of Uzbekistan.

Article 9. Rights of the unions to negotiate and conclude collective contracts and agreements

The unions have a preferential right to conduct collective negotiations with management, the owner, or a

management body which he authorizes, and to conclude collective contracts and agreements and to monitor their fulfillment.

Management, the owner, or the management body which he authorizes are required to negotiate the conclusion of a collective contract or agreement if the unions propose such.

Article 10. Rights of the trade unions pertaining to social protection of the working people

The rights of the unions in the sphere of the conditions of work and remuneration, occupational safety, housing conditions, social insurance, protection of the working people's health and cultural interests, and pensions are regulated by the pertinent legislation of the Republic of Uzbekistan.

Within the limits of their competence, republic and territorial trade union associations participate in the elaboration of measures of the social and economic protection of the working people and determination of basic criteria of the living standard and the amounts of compensation depending on a change in the price index and exercise supervision of compliance with the legislatively established subsistence minimum and amounts of pensions, scholarships and allowances.

Trade union associations may on these questions conclude agreements with the pertinent state and economic-planning authorities.

Article 11. Rights of the trade unions with respect to the exercise of supervision of compliance with legislation governing labor and the unions

Trade unions monitor compliance by management, the owner, or the management body which he has authorized with legislation governing labor, and the unions and have the right to demand an end to violations which have been revealed. Management is required to examine the submissions concerning an end to violations of legislation governing labor and the unions, and to notify the union of the results of the examination within a month's time.

The unions have the right to present to a court of law a statement of claim in defense of the working people's labor rights. The unions may have to this end inspectorates, legal aid services, and other necessary bodies.

Article 12. Rights of the unions in the hearing of labor disputes

The unions examine individual labor disputes of members of a trade union with management and adopt decisions on them in accordance with legislation.

The unions participate in the examination of collective labor disputes on questions involving a violation of current labor legislation and the terms of a collective contract or agreement and the establishment of new or a change in the current socioeconomic conditions of labor and everyday practices.

Article 13. Rights of the unions to obtain information on questions of labor and socioeconomic development

The unions have the right to obtain free of charge from management, and also from organs of state and economic administration, information on questions connected with labor and social development within the limits of the established statistical accounting.

Article 14. Rights of the trade unions to monitor management's compliance with a collective contract

Unions have the right, in the event of management's adoption of a decision violating the terms of a collective contract, to make to management a representation concerning an end to these violations, which is examined within a week's time. In the event that management refuses to satisfy these demands of the unions, or that agreement is not reached between them within the said time frame, the disagreements are examined in accordance with legislation on the resolution of collective labor disputes.

Article 15. The examination and resolution of disputes between management and the work force

Questions pertaining to the defense of working people's interests and the resolution of disputes which arise between management and the work force or the unions are examined wholly in accordance with legislation of the Republic of Uzbekistan.

Article 16. Participation of the unions in interstate agreements and in the formation of organs of state power and administration

The trade unions may participate in the conclusion of interstate agreements on questions of migration, employment, labor, pricing, and social security; nominate candidates for people's deputy; and participate in the election campaign in support of them in the procedure established by legislation of the Republic of Uzbekistan.

Section III. Guarantees of the Rights of the Unions

Article 17. Obligations of the management of state and economic-planning authorities, public organizations, and officials with respect to the unions

The management of state and economic-planning authorities, public organizations, and officials are required to observe the rights of the trade unions and to facilitate their activity. The said authorities and persons are held liable for a violation of the rights of the unions or prevention of their legitimate activity in the procedure established by legislation. The management of state and economic-planning authorities, public organizations, and officials do not have the right to prevent

representatives of the unions from visiting the enterprises at which their members work for the realization of statutory tasks and the rights accorded by legislation.

Article 18. Guarantees for working people elected to trade union bodies who have not been released from their jobs

The following may not be subjected to disciplinary penalty:

employees elected to a trade union body and not released from their jobs without the consent of this body;

leaders of trade union organizations in enterprise subdivisions without the consent of the corresponding trade union body;

leaders of trade union bodies at an enterprise and union organizers without the consent of the corresponding trade union association.

The dismissal on the initiative of management of persons elected to union bodies and not released from their jobs is permitted, except in observance of the general procedure of dismissal, only with the prior consent of the union body whose members they are, and the chairmen and members of union bodies at an enterprise, only, in addition, with the consent of the corresponding trade union association. The dismissal of union organizers and union group organizers on the initiative of management is permitted only with the consent of the body of the corresponding union association.

Members of elective union bodies not released from their jobs are granted on the terms determined by the collective contract or agreement time off work with the retention of average earnings for the performance of social obligations in the interests of the work force, and also for the period of their short-term union training.

Members of elective union bodies are released from their jobs with remuneration in the amount of average earnings from union resources for the time of their participation as delegates at congresses and conferences convened by the unions and also in the work of their plenums and presidiums.

Article 19. Guarantees for working people elected to trade union bodies and released from their jobs

Employees released from their jobs as a consequence of election to elective office in trade union bodies are given back, at the end of their elective term of authority, their former job (office), and if it is not available, another equivalent job (office) at the same or, with the employee's consent, another enterprise.

If it is not possible to give back the corresponding job (office), the enterprise management at the former place of work and, in the event of liquidation of the enterprise, the trade union, retains for the employee his average earnings for the period required to find employment but not for more than six months, and in the event of training for requalification, for a term of up to one year.

Article 20. Guarantees of the right to labor for employees elected to union bodies

Dismissal on the initiative of management of employees elected to union bodies is prohibited for two years following the end of the term of elective authority, other than in instances of the total liquidation of the enterprise or the employee's involvement in actions entailing dismissal in accordance with legislation. In these cases they are dismissed in the procedure specified by part one of Article 18.

Article 21. Property and financial rights of the unions and the enterprises under their jurisdiction

Trade unions and their bodies are, in accordance with legislation, legal persons.

Trade unions own, enjoy, and dispose of property and monetary resources which belong to them by right of ownership.

Unions are not liable for the liabilities of state, economic-planning, cooperative, and other public organizations, which, in turn, are not liable for the liabilities of the unions.

The sources and procedure of the formation and utilization of resources of the union budget are determined by the unions' bylaws.

The financial activity of the unions is exercised in accordance with these bylaws.

The sources of the income of enterprises and organizations belonging to the unions, the amounts of the resources they obtain, and the payment of taxes are monitored by the state financial authorities and the tax inspectorates in accordance with legislation.

In accordance with their statutory purposes and tasks, unions have the right to engage in the established procedure in foreign economic activity, to create union banks, insurance and stock companies, and joint commercial enterprises, to engage in publishing activity, and to form various funds.

Article 22. Enterprise obligations pertaining to the creation of the material conditions for unions' activity

The management of an enterprise makes available to the unions for use free of charge equipped premises necessary for their activity, the terms of the granting of which are determined by a decision of the work force, with the participation of management and the unions.

In accordance with the decision adopted at the time of the conclusion of a collective agreement, an enterprise hands over to the unions for their use free of charge buildings, premises, structures, and other facilities, and also recreational centers and child-youth and other health-and-fitness camps necessary for the organization

of recreation and cultural-educational and physical culture and fitness work with the working people and their families which are on the enterprise's balance sheet or which the unions rent.

The enterprise releases for the unions monies in the amount established by legislation for purposes determined by the collective contract.

The creation of other material conditions for the activity of the unions operating at an enterprise is regulated by the collective contract (agreement).

[Signed] **I. Karimov**, president of the Republic of Uzbekistan
Tashkent
2 July 1992

Decree on Implementation

925D0692B Tashkent NARODNOYE SLOVO in Russian 29 Jul 92 p 2

[Decree of the Supreme Soviet of the Republic of Uzbekistan: "Implementation of the Law of the Republic of Uzbekistan 'On Trade Unions, Rights and Guarantees of Their Activity'"]

[Text] The Supreme Soviet of the Republic of Uzbekistan resolves:

1. To implement the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity" as of the moment of publication.

2. To establish that until legislation of the Republic of Uzbekistan is brought into line with the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity," current legislative instruments of the Republic of Uzbekistan apply where they are not in conflict with the said law.

3. That the Cabinet of Ministers under the president of the Republic of Uzbekistan will within three months' time:

—submit to the Supreme Soviet of the Republic of Uzbekistan proposals concerning the alignment of legislative instruments of the Republic of Uzbekistan with the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity";

—bring decisions of the Government of the Republic of Uzbekistan into line with the law of the Republic of Uzbekistan "On Trade Unions, Rights and Guarantees of Their Activity";

—provide for the revision and annulment by ministries, state committees, departments, and concerns of the Republic of Uzbekistan of their enforceable enactments which conflict with this law.

4. To recommend that the Council of the Federation of Trade Unions of Uzbekistan participate in the fulfillment by the Cabinet of Ministers under the president of the Republic of Uzbekistan of the assignments entrusted to it by clause 3 of this decree.

[Signed] **Sh. Yuldashev**, chairman of the Supreme Soviet of the Republic of Uzbekistan
Tashkent
2 July 1992

Law on Uzbek Peasant Farming

Text of Law

935D0006A Tashkent PRAVDA VOSTOKA in Russian 15 Aug 92 p 2

[Text of Law of the Republic of Uzbekistan "On the Peasant Farm"]

[Text]

Section 1. General Provisions

Article 1. The Peasant Farm

1. The peasant farm is an independent economic subject with the rights of a legal person which carries on agricultural production, including the use of land parcels which it owns.

The peasant farm is one of the forms of entrepreneurship.

2. Members of the peasant farm are the head of the farm, his wife (or her husband), the children, adopted children, parents, and other relatives, as well as other persons of working age who are jointly working the peasant farm and whose work on this farm is their primary place of labor. Persons who are working on the farm under a labor contract are not members of the peasant farm.

3. The head of the farm represents the interests of the peasant farm in interrelations with state, cooperative, and social enterprises, institutions, organizations, and individual persons.

4. The head of the peasant farm is one of the competent members of the farm who has reached the age of 18 and has experience working in agriculture or agricultural skills or has taken special training.

In the event of the temporary disability from work or lengthy absence of the head of the peasant farm, he has the right to authorize one of the members of this collective to perform his duties, and in the event the peasant farm is operated by one person, to authorize any person on the basis of a contract.

5. The peasant farm is an independent production unit equivalent to enterprises, associations, and organizations of other forms of ownership.

6. Newly created peasant farms may initially be formed within kolkhozes and sovkhozes on a contract basis

Article 2. Legislation on the Peasant Farm

Relations involving the creation, activity, reorganization, and liquidation of peasant farms are regulated by this Law, the laws of the Republic of Uzbekistan "On Land," "On Ownership," "On Rental," and "On Entrepreneurship," and by other legislative enactments of the Republic of Uzbekistan. Relations involving the creation and activity of peasant farms and their reorganization and liquidation in the Republic of Karakalpakstan are regulated by legislation of the Republic of Karakalpakstan.

Article 3. The Procedure for Setting Up Peasant Farms

1. A peasant farm is set up on reserve land, special republic fund land, or on farms with insufficient labor resources and on newly irrigated fields. They may also be set up on the base of the land of unprofitable or low-profit sovkhozes and other agricultural enterprises.

Peasant farms are set up on lands of kolkhozes and other cooperative farms by decision of the general meeting of the members of these farms.

2. Peasant farms may not be set up on lands granted to scientific research or educational institutions or other agricultural institutions, or to rural vocational-technical or general education schools, or to subsidiary rural units of industrial, transport, or other enterprises, associations, institutions, or organizations, or on water resource land.

3. A peasant farm is formed on voluntary principles on the basis of a written petition of its members to the khokim [governor] of the rayon and is considered created from the moment a state enactment for the right of permanent ownership and use of land is issued. After registration by the rayon khokim the peasant farm acquires the status of a legal person and has the right to open current and other accounts in banking institutions, to have a seal with its name, and to enter into business relations with other enterprises, associations, institutions, organizations, foreign firms, and individual persons.

4. The organ empowered by the khokim of the corresponding rayon organizes the keeping of a registration card for each peasant farm. The kishlak [village] (or settlement) soviet of people's deputies keeps track of each peasant farm in the farm record book where information on the make-up of the peasant farms and on the head of the farm or the person performing his functions in the event of the temporary absence of the head of the farm as well as basic data on the land parcel assigned to the farm are recorded.

Article 4. Coordinating the Activity of Peasant Farms

A structural subdivision is set up in the system of organs of executive power to coordinate the activities of peasant farms; its job is to conduct a uniform state policy in the fields of development of scientific-technical progress, investments, and long-range forecasting without intervening in the production-economic activity of the peasant farms.

Section 2. Granting of Land, Land Ownership, Land Use, and Water Use

Article 5. Granting of Land to Peasant Farms

1. In order to work a peasant farm individual persons are granted land parcels for lifetime inheritable possession or use or lease for a term of at least 10 years.

2. The peasant farm may lease additional land parcels for production purposes.

3. The land parcels granted to the peasant farm may not be privatized and are objects of purchase and sale, mortgage, gifts, and exchange.

4. The size of the land parcel granted to a peasant farm is determined by the rayon khokim in each particular case with consideration of the local conditions (the fertility of the land, its water supply, methods of water supply, average landholdings, the existing need for agricultural land for subsidiary private operations, expanding populated points, and for other needs) as well as with consideration of the number of people in the peasant farm.

5. As a rule land parcels are assigned to peasant farms as a single unit with the irrigation and drainage collector networks and field roads located on it.

6. Persons who have shown a desire to work a peasant farm petition to the kishlak (or settlement) soviet of people's deputies for land to be allocated. The petition indicates the location of the requested land parcel, its area, and the personnel of the peasant farm and offers a program of organization of commodity agricultural production.

7. The kishlak (or settlement) soviet of people's deputies reviews the petition for granting land within a 15-day period and in the event it supports the petitioner's request, it petitions the rayon khokim who makes the decision on granting the land to work a peasant farm within no more than 2 months.

The khokim's decision to refuse to grant the land parcel may be appealed in court.

8. A rayon commission made up of deputies of the rayon soviet of people's deputies and representatives of the Peasant Union, the trade union, water management organs, and the land management service office is formed to resolve the question of granting land to peasant farms.

9. Persons who live in the given locality enjoy a priority right to receive land parcels.

10. The state enactment for the right of permanent ownership and use of land is issued to the head of the peasant farm following procedures established by land legislation.

11. Persons who have received land parcels for operating a peasant farm and who have a residence in a rural populated point retain their private plot at their home.

12. The boundaries of the land allocation of the peasant farm are made official in actual measurement by the land management offices at the expense of the local budget.

13. Work to design and build access roads to the peasant farm is done using local budget capital, while for land improvement projects it is done within a single large unit using republic budget capital. Work to install and maintain water management structures on the peasant farm's territory is done at the farm's expense.

Article 6. Land Ownership and Land Use of the Peasant Farm

1. The peasant farm's rights and duties in the areas of land ownership and land use are defined by the Republic of Uzbekistan Law "On Land."

2. The land parcel granted to the peasant farm cannot be divided.

The size of the land parcel and its boundaries may be changed only with the agreement of the head of the peasant farm.

3. In the event of the confiscation or transfer of the land parcel to another person, enterprise, or organization, the peasant farm has the right to reimbursement of losses and other expenditures in accordance with legislation.

Disputes over the right of ownership and use of the land parcel are decided by the court.

4. In the event the head of the peasant farm dies or becomes completely disabled from work, with the consent of the farm's members the right of ownership or use of the land parcel is transferred to one of them or to another person in the manner and under the conditions established by legislation.

5. In the event the peasant farm ceases activity, the question of the right of ownership and use of the land assigned to it is decided by the rayon khokim.

Article 7. Payment for the Land

In accordance with the Republic of Uzbekistan Law "On Land" land ownership and land use require payment.

The payment for the land is collected in the form of a land tax or lease payment in amounts determined in accordance with the quality, location, and water supply of the land parcel and with consideration of its land registry assessment.

The taxation procedures and the rate and payment limits of peasant farms for land are equal to the level of payment of state, collective, and other enterprises and farms.

A land tax is not charged for the first 2 years from the time the peasant farm is registered.

The appropriate soviets of people's deputies may also establish other benefits when collecting payment for land.

Article 8. Water Use on the Peasant Farm

1. Just as they are for state and cooperative enterprises, associations, and organizations and individual persons, the limits of water consumption for peasant farms are determined by the organs authorized by the rayon khokim.

The procedure for keeping track of the consumption of water supplied to the peasant farm is determined by Republic of Uzbekistan legislation.

2. Disputes involving relations between the water management organs and peasant farms are resolved by the court and arbitration court following established procedures.

Article 9. The Particular Features of the Organization of a Peasant Farm by Members of Kolkhozes and Other Agricultural Cooperatives

1. Members of kolkhozes and other agricultural cooperatives who wish to leave them and independently work a peasant farm have the right, in accordance with the cooperative's charter, to receive a share of the profits, the amount of which is determined taking into account the labor participation of the cooperative member.

2. In accordance with the share of value and share of profits due the members of the kolkhoz or cooperative who want to set up a peasant farm, kolkhozes and other agricultural cooperatives reach a mutual understanding and issue fixed and working capital to those leaving the kolkhoz or issue guarantees so the peasant farm can receive bank credits, or within the limits of the share compensate for the lease payment and expenditures for paying interest for using the loans. The term for paying off the share of value of the property and the share of profits to those people leaving the kolkhoz or other cooperative organizations must not exceed 5 years.

Section 3. The Property of the Peasant Farm

Article 10. Property of the Peasant Farm

1. A peasant farm has the right to own residential buildings, production structures, plantings, productive livestock, fowl, agricultural implements, inventory, and equipment, and means of transportation, as well as other property.

2. The following are the sources for forming the monetary funds of the peasant farm:

- monetary and material means of members of the peasant farm;
- income received from the sale of output, work, and services, as well as from other types of labor activity;
- income from securities;
- credits;
- capital investments and subsidies from the budget;
- outright charitable and other contributions and donations of enterprises, associations, organizations, and citizens;
- other sources not prohibited by legislation.

Article 11. The Peasant Farm's Right To Own Property

1. The peasant farm's right to own property belonging to it is under the protection of the state.

2. The peasant farm's property belongs to its members on the basis of common (or share or joint) ownership.

3. The ownership, use, and disposal of the peasant farm's property is carried out by its members by mutual agreement.

4. In the event they withdraw from the peasant farm, those members of the peasant farm who leave it in order to set up another peasant farm have the right to receive a share of property in physical terms. In doing so the share of property in physical terms is apportioned in such a way that the existing peasant farm is not deprived of the fixed production capital necessary to operate it.

5. A peasant farm has the right to acquire, lease, or temporarily use property from enterprises, associations, organizations, and individual persons.

Article 12. Capital and Expenditures of the Peasant Farm

A peasant farm has the right to open accounts in bank branches in order to conduct monetary transactions and to keep monetary capital and to dispose of this capital freely. Capital may be deducted from the peasant farm's current account only with its consent or by decision of the court.

Capital from a current account is used by both noncash and cash methods.

Section 4. The Foundations of the Peasant Farm's Activity

Article 13. Labor in the Peasant Farm

1. The peasant farm's activity is based primarily on the personal labor of the farm's members. Other persons may be enlisted to perform jobs on the peasant farm on the basis of a labor contract.

The rules for concluding a labor contract on a peasant farm are approved in the manner determined by the Cabinet of Ministers under the president of the Republic of Uzbekistan and the Council of the Federation of Trade Unions of Uzbekistan.

2. The division of work on a peasant farm is established by its head. The peasant farm keeps records on the activity of the peasant farm's members and persons working under labor contract.

3. The labor payment of persons working under a labor contract is made by agreement of the parties both in monetary and in physical terms and in an amount no lower than the established minimum wage.

4. With the consent of the head of the peasant farm, a person working on the peasant farm under contract has the right to make a monetary or other contribution to the farm's property and participate in the distribution of the farm's income proportional to the amount of his contribution.

5. The head of the peasant farm is obligated to provide safe working conditions for the members of his farm and for persons who have concluded a labor contract.

Members of the peasant farm as well as persons working on the farm under a labor contract are subject to social insurance and social security in accordance with legislation.

The head of the peasant farm is registered as the insured party in the appropriate trade union and insurance organs and following established procedures makes payments to the state social insurance fund for all members of the peasant farm and for persons working under labor contract.

6. The amount of time spent working on the peasant farm is counted in the general and uninterrupted term of labor service on the basis of documents confirming payments made for social insurance.

Records on the labor service of members of the peasant farm and of persons who have concluded a labor contract and on the use of their labor are entered in their labor booklets by the head of the peasant farm and are confirmed by the chairman of the kishlak (or settlement) soviet of people's deputies.

7. State social insurance benefits and pensions are set and paid in the manner and under the conditions established by legislation. The members of the peasant farm and persons working under a labor contract are paid full pensions without consideration of the wages (or income) received.

8. Social and cultural services for members of the peasant farm are provided using the farm's own capital and from social consumption funds. Members of peasant farms are provided with the services of public-use social institutions on a par with workers, white-collar workers, members of kolkhozes, and employees of other agricultural enterprises.

9. Labor disputes between the peasant farm and persons who have concluded a labor contract are resolved by the court.

Article 14. The Peasant Farm's Production Activity

1. The peasant farm independently determines the directions of its activity and the structure and volume of production. It has the right to engage in any type of agricultural production not prohibited by existing legislation as well as to process and sell agricultural output.

Intervention in the economic activity of peasant farms by state, public, cooperative, and other organs and organizations is not permitted, with the exception of cases where these farms violate legislation.

Losses, including lost profits, caused to the peasant farm as a result of the unlawful actions of state, public, cooperative, and other organs as well as losses which are a consequence of these organs, officials, and citizens improperly performing their duties in relation to a peasant farm as envisioned by legislation are subject to reimbursement.

2. The peasant farm carries out foreign economic activity under the same conditions as for other owners.

Article 15. The Procedure for the Peasant Farm To Sell Output

1. The peasant farm has the exclusive right to dispose of the output it has produced, including the right to sell the output to consumers at its own discretion.

The peasant farm must comply with existing norms and standards of output quality and ecological, sanitary, and other norms and rules established by legislation.

2. The peasant farm independently sets prices for the output produced.

3. The peasant farm has the right on a voluntary basis to conclude economic contracts with state and cooperative enterprises, associations, organizations, and institutions for selling the output produced. The parties bear property responsibility established by legislation or the contract for failure to comply with or violation of contracts.

Deliveries of output produced by the peasant farm for export as well as accounts with foreign partners are carried out following the procedures established by legislation.

Article 16. Joint Activity of Peasant Farms

Peasant farms have the right on a voluntary basis to join together and enter into cooperatives, societies, associations ["assotsiatsiya"], concerns, and other associations for production, purchases, processing, and marketing of output, material-technical support, construction, and technical, water management, veterinary, agrochemical, consultative, and other types of service.

Article 17. Material-Technical Support of the Peasant Farm

1. The peasant farm has the right to acquire the property and means of production it needs from state and cooperative enterprises and organizations, at exchanges, bazaars, and markets, and from the public.

2. On the condition that peasant farms sell the part of the output stipulated by the contract to the state (or to the republic fund) at the agreed-upon prices and they fulfill state orders, peasant farms are provided with agricultural equipment, fuel and lubricants, young livestock and poultry, livestock veterinary aid, feed, and other resources following the procedures and at the prices established for state enterprises.

3. When peasant farms are formed on a territory where there are no objects for production and social-domestic purposes, the territory's primary improvement includes the following: construction of roads and power lines, water supply, gas supply, telephone communications, radio installation, a land management system, and land reclamation; this is carried out by the local organs of power and government using centrally allocated state capital investments and other financial resources. Local organs of power and government also provide assistance to peasant farms in erecting production objects and housing.

Article 18. Taxation of the Peasant Farm

1. The peasant farm pays taxes in accordance with Republic of Uzbekistan legislation.

Within the limits of their powers the local soviets of people's deputies have the right to exempt peasant farms from paying taxes or to reduce the amount of those taxes.

2. The income of the peasant farm and the personal income of its members and of persons working on the farm under contract are fully reflected in the income declarations.

Article 19. Financial and Credit Relations of the Peasant Farm

1. Long-term credits for construction of objects for production purposes and acquisition of fixed production capital and short-term credits for the peasant farm's day-to-day production activity are provided on the basis of a credit contract. State, cooperative, and public enterprises, associations, organizations, and institutions and individual persons have the right to offer peasant farms credit in accordance with contracts concluded.

Peasant farms on preferential terms make use of a special credit fund created by banking institutions to service them.

Budget capital used to do work to improve land and to build roads, bridges, gas, electrical, and heating networks, water mains, and other municipal objects can also be a source for financing peasant farms.

2. When loans and credits are issued to a peasant farm, the moment it is formed local organs of power and government and other solvent legal and physical persons as well as the peasant farms themselves may be used as guarantors to mortgage their property.

3. The peasant farm on a voluntary basis provides insurance support for its own and leased means of production as well as fields (plantings) of agricultural crops, output produced, and raw and processed materials in the event of loss or damage and receives insurance compensation in the manner and under the conditions established by legislation.

Article 20. Records of the Results of the Activity of Peasant Farms

The peasant farm keeps records of the results of its work and following established procedures submits reports to the local statistics and finance organs.

Article 21. The Responsibility of the Peasant Farm

The peasant farm is responsible for its obligations with the property which under legislation can be garnished. The state does not bear responsibility for the peasant farm's obligations and the peasant farm does not bear responsibility for the state's obligations.

Members of the peasant farm who are guilty of violating the requirements of this Law and of other enactments of Republic of Uzbekistan legislation bear material, administrative, or criminal responsibility following established procedures.

In accordance with existing legislation the peasant farm bears responsibility for damages done to the health of the farm's members and of persons working under a labor contract during the performance of work duties.

Article 22. Inheritance of the Peasant Farm's Property and Land

1. The peasant farm's property is inherited in accordance with the norms of civil legislation of the Republic of Uzbekistan. The heirs who continue activity on the farm are exempt from paying state fees for the certificate of the right of inheritance.

2. The land parcel is inherited in accordance with the procedure established by the Republic of Uzbekistan Law "On Land."

Section 5. Termination of a Peasant Farm's Activity

Article 23. Grounds for Termination of a Peasant Farm's Activity

The activity of a peasant farm is terminated in the following cases:

- if no member of the farm, heir, or other person remains who desires to continue the farm's activity;
- voluntary refusal of the right of ownership and use of the land parcel;
- the term for which the land parcel was granted runs out and it is impossible to renew the right of land ownership or land use;
- using the land for other than its appointed purpose, using the land irrationally, systematically receiving a harvest lower than the normative land registry estimate;
- violation of the ecological condition of the land;
- confiscation of the land parcel for state or public needs following established procedures;
- the peasant farm declares bankruptcy;
- systematic failure to pay the land tax or lease payment within the prescribed period of time;
- if the peasant farm has not begun production-economic activity within 1 year from the time of registration;
- repeated violation of legislation regulating the activity of peasant farms or one gross violation;
- cancellation of the lease contract in connection with violation of the contract's conditions;
- reorganization of the peasant farm.

Article 24. The Procedure for Terminating a Peasant Farm's Activity

1. The decision to terminate a peasant farm's activity is made by the rayon khokim.

2. Disputes related to termination of a peasant farm's activity are resolved by the court.

3. The confiscation of the land parcel from the peasant farm for state or public needs is done following established procedures after the farm has been allocated a land parcel of equal value which it wants, after the enterprises, institutions, and organizations for whose benefit the land parcel is being confiscated have built housing and production and other projects at the new site to replace those confiscated, and after losses caused have been reimbursed, including lost profits.

4. In the event a peasant farm's activity is terminated, its property is used to settle accounts for labor payment with persons working at the farm under a labor contract, for payments into the budget, for repayment of loans from banks, and for settling accounts with other creditors.

When a peasant farm's activity is terminated, its members retain the right to the dwelling and private plot as well as to other property which they own.

[Signed] I. **KARIMOV**, president of the Republic of Uzbekistan

City of Tashkent

3 July 1992

Decree on Implementation

935D0006B Tashkent PRAVDA VOSTOKA in Russian 15 Aug 92 p 2

[Text of Decree of the Republic of Uzbekistan Supreme Soviet "On the Procedure for Putting the Republic of Uzbekistan Law 'On the Peasant Farm' into Effect"]

[Text] The Republic of Uzbekistan Supreme Soviet decrees the following:

1. Put the Republic of Uzbekistan Law "On the Peasant Farm" into effect the moment it is published.

2. Establish that until Republic of Uzbekistan legislation is brought into line with the Republic of Uzbekistan Law "On the Peasant Farm," existing enactments of Republic of Uzbekistan legislation are applied, to the extent that they do not contradict this Law.

3. Instruct the Cabinet of Ministers under the president of the Republic of Uzbekistan to do the following within a 3-month period:

- bring the decisions of the government of the Republic of Uzbekistan into line with the Republic of Uzbekistan Law "On the Peasant Farm";
- make proposals to the Republic of Uzbekistan Supreme Soviet to bring the legislative enactments of the Republic of Uzbekistan into line with the Republic of Uzbekistan Law "On the Peasant Farm."

4. Insert a change in Article 11 of the Republic of Uzbekistan Law "On Land" (VEDOMOSTI VERKHOVNOGO SOVETA RESPUBLIKI UZBEKISTAN, Nos 16-18, 1990, p 294) by replacing the words "5 years" in the first part of this article with the words "10 years."

[Signed] **Sh. YULDASHEV**, chairman of the Republic of Uzbekistan Supreme Soviet
City of Tashkent
3 July 1992

AZERBAIJAN

Law On Political Parties

Text of Law

935D0053A Baku KHALG GEZETI in Azeri 23 Jun 92 p 2

[Text of "Law of the Azerbaijan Republic 'On Political Parties'"]

[Text]

PART 1. GENERAL ASSERTIONS

Article 1. The concept of political parties.

When "political party" is stated in this law, it means a union of citizens of the Azerbaijan Republic with common political ideas and goals who are paricipating in the political life of the country.

Political parties participate actively in the formation of the political will of citizens of the Azerbaijan Republic by upholding duties and objectives which are in accordance with the Constitution and laws of the Azerbaijan Republic.

Article 2. The legal bases of the organization and activity of political parties.

The legal bases of the activity and organization of political parties consist of the Constitution of the Azerbaijan Republic, this law and other legal acts of the Azerbaijan Republic which have been accepted as in accordance with this.

PART 2. PRINCIPLES OF THE CREATION AND ACTIVITY OF POLITICAL PARTIES

Article 3. The principles of the establishment and activity of political parties.

Political parties are established and act on the basis of freedom of association, voluntarism, the legal equality of members, self-management, legality and glasnost.

Article 4. Conditions for the establishment of political parties.

Political parties are built on the territorial model. The activity of the primary organs, committees and other organizational structures in state organs of the Azerbaijan Republic is forbidden.

Those interested in establishing a political party call for a founding congress (conference) or general meeting, pass statutes and organize leading organs.

In order to register a political party, at least 1,000 citizens of the Azerbaijan Republic must be members.

The establishment and activity of political parties whose goals and method of activity consist of overthrowing the structure of the constitution of the Azerbaijan Republic or changing it by force or violating territorial integrity, propagandizing force or tyranny, inflaming racial, national and religious enmity, or other actions which are contrary to the republic constitution or international commitments of the Azerbaijan Republic are forbidden.

The establishment or activity of political parties of foreign states, their departments or organzations on the territory of the Azerbaijan Republic is forbidden.

Article 5. Forms of activity of political parties.

Parties will perform political activity in the following ways:

—influence the formation of public opinion in accordance with their statutes;

—develop the political activity of its members;

—advance citizens from its ranks into elected state organs;

—influence the activity of legal and executive organs of the Azerbaijan Republic in accordance with its statutes;

—influence the formation of domestic and foreign policy of the Azerbaijan Republic by means of preparing political and social programs.

Article 6. The statutes of political parties.

The statutes of a political party must be such that every individual can become acquainted with them.

The following must be included in the statutes:

—the name, goals and duties of the political party;

—the structure of the political party;

—the rules and conditions for being accepted as a member or expelled from the political party;

—the rights and duties of members of the political party;

—the basis of disciplinary measures for members of the political party which are not contrary to the laws of the Azerbaijan Republic and application of these;

—the means of influence on territorial organizations which are not contrary to the laws of the Azerbaijan Republic;

—the authority and organizational regulations of leading organs of the political party and their tenure of authority;

—regulations on the passing and implementation of decrees and forms of control;

—the conditions, forms and time periods for calling a meeting of party members and their representatives;

—the sources of the origin of financing and other property;

—rules on supplementing and changing the statutes of the political party;

—rules on ceasing the activity of a political party and the fate of its possessions.

Article 7. The name of the party.

The name of the party, the abbreviated form symbols of its name, must be registered in the Azerbaijan Republic and must differ from the name and symbols of other political parties.

When changing the name of parties, they must re-register under the regulations defined by this law.

Article 8. Membership in a political party.

Membership in a political party will be registered.

Members of political parties are citizens of the Azerbaijan Republic who are capable of activity, who have reached 18 years of age, entered the party voluntarily and have accepted its statutes and program.

The president of the Azerbaijan Republic for the duration of his term, chairmen, deputy chairmen and judges of all courts of the Azerbaijan Republic, military officers, workers in procuracy, justice, internal affairs, national security, border defense, customs, taxation and finance organs, with the exception of technical staff, workers in state press organs, the leadership and creative staff of the State Teleradio Broadcasting Company, and clergy may not become members of a political party.

Individuals mentioned in the third paragraph of this article will end membership in a political party for their entire period of their election, service or work.

Article 9. Rights of members of political parties.

The rights of members of a political party are defined by its statues and cannot be counter to the Constitution and laws of the Azerbaijan Republic, and cannot contradict international legal acts proposed by the Azerbaijan Republic on the rights and freedoms of the person.

The participation or non-participation of a member of a political party cannot be a basis for depriving him or limiting his rights and freedoms, or, with the exception of situations noted in Article 8 of this law, forbidding the execution of his duties which are determined by law. It is not allowed to demand that membership in one or another political party be indicated in official documents.

Every member or group of members of a political party has the right to freely express their will.

Article 10. The expression of will in organs of a political party.

The rules on an expression of will in the organs of a political party are defined by the party's statutes.

Article 11. International relations of political parties.

Political parties can enter international, public (non-governmental) organizations, and can maintain direct international relations and conclude the appropriate agreements.

PART 3. POLITICAL PARTIES AND THE STATE

Article 12. Rights and duties of political parties.

In order to implement goals and duties defined in its statutes, program documents and other acts, political parties:

—freely disseminate information of their goals and activities;

—create political blocs, unions, federations, and organizations on a voluntary basis;

—participate (independently, in blocs or unions with other parties and organizations) democratically in elections for president of Azerbaijan, parliament and other elected state organs, and in the formation of executive organs of the government of the Azerbaijan Republic;

—influence democratically the preparations of decisions by state organs;

—represent and protect the interests of its members in state and public organs;

—implement other functions considered in this law and other legal acts of the Azerbaijan Republic.

Political parties cannot interfere in the activity of state organs or responsible persons.

Parties have the right to spread information about their own activities, propagandize their ideas, goals and programs, influence the mass media, hold meetings, demonstrations and other mass measures.

The leading organs of parties must be located on the territory of the Azerbaijan Republic.

Article 13. Rights and duties of the state in connection with political parties.

The state guarantees that political parties act within their own rights and legal interests, that equal, legal conditions are established so that they fulfill their statutory duties and disseminate their own documents by means of state press organs, and the protection and security of the parties' leading organs.

With the exception of cases mentioned in the law, state organs and responsible persons are not allowed to interfere in the activities of political parties.

Article 14. Registration of the statutes of political parties.

The Ministry of Justice of the Azerbaijan Republic registers the statutes of political parties.

Up to one month from the day the statutes of the political party was registered the petition with the names of the members of the party's leading organ and showing the address of each of them is to be given. A supplementary document which submits the protocol of the founding congress (conference) and number of party members is to be added to it.

The petition on registration is to be examined up to one month from the day it was entered.

Changes and additions made to the statutes of the political party must be registered under the regulations and times in which statutes are registered.

From the day the statutes of a political party are registered, it is considered a legal person in accordance with the laws of the Azerbaijan Republic.

If the statutes of a political party contradict the statements of Articles 3, 4, and 5 of this law, or if a party of the same name had registered earlier, registration of its statutes is to be refused.

When registration of the statutes is refused, the legal assertions contradicted by the statutes which had been presented will be indicated in written form to the petitioners.

Within a period of ten days from the denial of registration of the statutes, a complaint can be made to the Constitutional Court of the Azerbaijan Republic, and the decision of the Constitutional Court is binding.

Parties can have emblems, flags, seals and medals as a symbol. The symbols must not serve the propagandization of objectives shown in paragraph 4 of Article 4 of this law.

The Ministry of Justice of the Azerbaijan Republic has the right to demand from the leading organs of the political party decrees they have passed and explanations on issues connected with acting on the party statutes.

Article 15. Responsibility for violating the law on political parties.

Violation of the law on political parties causes criminal responsibility, disciplinary material or other action in accordance with the laws of the Azerbaijan Republic.

Responsible individuals of state organs and public organs who are at fault for violating the law on political parties bear responsibility.

When political parties violate the law on political parties, they bear responsibility in accordance with the laws of the Azerbaijan Republic.

If a political party commits actions which are outside the goals and responsibilities defined in its statutes or which violate the law in effect, a written warning can be made to the leading organ of the party by the Ministry of Justice of the Azerbaijan Republic.

Article 16. The abolition of a political party.

If a political party commits actions included in paragraph 4 of Article 4 of this law, it will be abolished by decree of the Constitutional Court of the Azerbaijan Republic.

If a political party repeats actions included in the fourth paragraph of Article 15 of this law within a period of one year, it can be abolished by decree of the Constitutional Court of the Azerbaijan Republic.

A recommendation on abolishing a political party is to be issued by the Minsitry of Justice of the Azerbaijan Republic.

If the Constitutional Court accepts a question on the abolition of a political party for discussion, if it is necessary it can stop the activity of this political party until a binding decision is issued.

PART 4. MATERIAL GUARANTEES OF THE ACTIVITIES OF POLITICAL PARTIES

Article 17. Financing the activities of political parties.

The activity of political parties are financed with the resources of this party and without allocations from the state budget, with the exception of the financing of election campaigns in accordance with the law on the election of peoples' deputies.

It is forbidden for foreign states as well as legal and physical individuals of foreign states to finance the activities of political parties.

Article 18. Income and exenditures of political parties.

Monies obtained by political parties as money or resources with monetary expressions are their income. Profits received as the result of being released from commitments which had been accepted in toto are also considered income.

The income of political parties is as follows:

—membership dues;

—income taken out of property;

—income taken from measures, the distribution of publications and articles, and other activities similar to this;

—income in the form of contribuutions;

—monies in the form of the payment of expenses for electoral campaigns;

—payments from lower organizations;

—remaining income.

Expenses are as follows:

—expenses for current work;

—expenses of work and information of the administration of the political party;

—expenses for public relations and holding elections;

—payments to lower organizations;

—interest on credits;

—personal expenses;

—all remaining expenses.

State tax organs oversee the sources of income of political parties, the amount obtained and the payment of taxes in accordance with tax laws.

Article 19. Contributions.

Parties have the right to receive contributions. The below do not have the right to make contributions to political parties:

—state administrations;

—organizations serving only public, charitable or religious goals from the viewpoint of their actual nature in accordance with their statutes (founding documents);

—trade unions;

—mass movements.

Other than this, parties cannot accept a contribution given for the purpose of economic or political profit. Amounts of contributions given for the sake of political parties must be entered in the financial accounts of the organization amd the name and address of the contributor, and amounts contributed must be shown.

Article 20. Possessions of parties.

Buildings, equipment, publications, printing presses, means of transportation as well as other property necessary to fulfill statutory goals can be owned.

The property rights of parties are protected by the laws of the Azerbaijan Republic. Parties can use buildings and other property according to contracts concluded with other persons as security for debts or leases.

Land, industrial institutions, production companies and cooperatives cannot be in the possession of parties, they cannot be engaged in business of commercial activities.

The possession by parties of weapons, explosive substances and other materials creating a danger for the life and health of citizens or ecological danger, to store these or maintain them is prohibited.

Article 21. Financial accounting.

Parties must arrange accounting documents reflecting income and expenses for which accounting is required as well as prpoerty status.

The financial accounting of a political party consists of sections on income and expenses as well as an accounting of property.

The accounts of regional organizations also enter in the party accounts.

At the end of every calendar year the number of party members paying membership dues must be entered into the accounts arranged by the party.

[Signed] *I. Gemberov, Acting President of the Azerbaijan Republic and chairman of the Supreme Soviet of the Azerbaijan Republic*
Baku, 3 June 1992.

Decree Enacting Law

935D0053B Baku KHALG GEZETI in Azeri 23 Jun 92 p 2

[Decree of National Assembly of the Azerbaijan Republic "On Ruli[illegible]n the Entering Into Force of the Law of the Azerbaijan Republic 'On Political Parties'"]

[Text] The National Assembly of the Azerbaijan Republic decrees:

1. The law of the Azerbaijan Republic "On Political Parties" shall enter into force at the instant it was passed.

2. The Permanent Commission on Legal Policy of the National Assembly of the Azerbaijan Republic is ordered to prepare prosals on questions of rsponsibility for violating the law of the Azerbaijan Republic "On Political Parties" within one month and submit them for discussion at the National Assembly.

3. The Ministry of Justice of the Azerbaijan Republic is ordered that by 1 August 1992 it resolve the question of registering the statutes of political parties which were established up to the time the law went into effect and were not registered.

4. Until the Constitutional Court of the Azerbaijan Republic is organized, questions in this law within the authority of the Constitutional Court be turned over to the Supreme Court of the Azerbaijan Republic.

5. The Cabinet of Ministers of the Azerbaijan Republic is ordered to resolve the question of locating the central organs of the political parties the statutes of which have been registered.

[Signed] *T. Garayev, first deputy chairman of the Supreme Soviet of the Azerbaijan Republic*
Baku, 3 June 1992

Text Of Law On Education

925D0649A Baku AZERBAYJAN MUELLIMI in Azeri 10, 15 Jul 92

[Commission On Science, Education, Religion And Culture: "Education Law Of The Azerbaijan Republic"]

[10 Jul, pp 2-3]

[Text] The expert-worker group established by the Ministry of Education by the recommendation of the Commission on Science, Education, Religion and Culture of the National Mejlis of the Azerbaijan Republic has completed its work on the "Education Law of the Azerbaijan Republic." We submit a draft of this document which is the general product of broad intellectual circles, educators, advnaced teachers, responsible workers of the Ministry of Education and a number of national representatives of the republic, along with the expert-worker group.

Education stands at the basis of the spiritual, economic, political and cultural development of the society and state. The education system of the Azerbaijan Republic is based on the spiritual resources created by hundreds of years of the Turkic world and Islamic morality, and on a national foundation, and conveys a democratic character.

The right to education is one of the fundamental rights of citizens of the Azerbaijan Republic.

The duties standing before Azerbaijan's education system are to be implemented in accordance with the Declaration of Independence of the Azerbaijan Republic, the Constitution of the Azerbaijan Republic, the concept of education, the education law and the relevant international legal norms.

The education law determines the structure of the education system of the Azerbaijan Republic, its activity, administration, economics and the general foundation of social protection and international relations.

Education is declared to be a sector of activity of strategic importance to the Azerbaijan Republic.

PART ONE: GENERAL PRINCIPLES

Article 1. Independence of the Azerbaijan Republic in the education sector.

1. The Azerbaijan Republic furthers a state policy of independence in the education sector.

2. Education is declared to be an activity which stands at the foundation of the spiritual, social, economic, poliical and cultural revival of the people of Azerbaijan and the Azerbaijan Republic.

3. State policy in education is based on the education concept of the Azerbaijan Republic.

4. Education policy which is determined by the state in accordance with the Constitution of the Azerbaijan Republic is implemented by the appropriate administrative organs.

5. This education law is applicable to the transition period.

Article 2. The education law of the Azerbaijan Republic.

1. The education law of the Azerbaijan Republic is based on the Constitution of the Azerbaijan Republic.

2. The education law of the Azerbaijan Republic includes the following:

—this education law;

—other legal acts issued in the Azerbaijan Republic relevant to it;

—education laws and other legal acts passed on the basis of this law in the Nakhchyvan Autonomous Republic which is part of the Azerbaijan Republic and which are in force on its territory;

3. The education law of the Azerbaijan Republic embraces all educational institutions, corresponding organs and organizations which are on its territory. The education system of the Azerbaijan Republic works on the basis of this law.

4. Those violating the education law are responsible under rules defined by the law of the Azerbaijan Republic.

Article 3. Duties of the education law of the Azerbaijan Republic.

The duties of the Azerbaijan Republic education law are as follows:

1. Defining the principles of state policy in education.

2. The establishment of a legal guarantee for the free activity and development of education in the education system of the Azerbaijan Republic.

3. Determining the rights and duties, authority and responsibility of legal persons and subjects of education.

4. Guaranteeing and protecting the constitutional rights of citizens of the Azerbaijan Republic in education.

Article 4. Basic principles of state policy in education.

1. A policy of creating an uninterrupted education system based on the spiritual resources and human values created by the Turkic world and Islamic morality in the national foundation of the Azerbaijan Republic is to be furthered.

2. The state education policy is based on the following principles:

—everyone has the right legally to receive an education within the framework of state standards;

—equal conditions are created for everyone for learning and the realization of ability and talent;

—the democratization of education;

—the state-societal character of education and increasing the independence of educational institutions;

—the humanizing of education;

—the superiority of common-human values, man's life and health, and the free development of the personality;

—the humanitarianizing of education;

—the strengthening of the national foundation, Turkism, Islamic morality and the regional component;

—the individualization and differentiation of education;

—the integration of education content;

—the scientific-secular character of education;

—a close relationship between science, production and educational institutions and organs of foreign countries;

—freedom and pluralism in education: the nondependence of educational institutions on parties, social-political and religious organizations, and movements;

—giving a wide latitude to creative research and the rejection of preconceptions;

—wholeness;

—heritage;

—versatility;

—education's being at the world level.

Article 5. The uninterruptedness of education.

Education in the Azerbaijan Republic has a continuous character.

The formation and development of the personality is a current and strategic duty of the continuous education system in all sectors.

Article 6. Rights of citizens in education.

1. The Azerbaijan Republic guarantees the right to education for all citizens on Azerbaijan's territory, regardless of race, nationality, language, sex, age, social-material situation, field of activity, place of residence, religion, belief, party affiliation or none, or any prejudgment. With this objective in mind:

—a wide network of educational, specialized and cadre retraining institutions based on various forms of property is to be established;

—state and non-state, free and private educational institutions are to be operating;

—educational centers are to be open to citizens;

—everyone can enter the educational institution he wishes in accordance with knowledge, ability and interest;

—the right of citizens to select the form of education (external, evening, correspondence) they wish;

2. Definite limitations can be placed on the vocational training of citizens on a legal basis in connection with sex, age, health and judgement.

3. Citizens have the right to receive a free education in state educational institutions. The creation of paying education groups is also permitted in these educational institutions.

4. The state will create appropriate social and economic conditions for educating citizens with the goal of guaranteeing citizens' right to education.

5. Citizens are guaranteed the freedom to select educational institutions they wish and the language of teaching.

6. With the goal of guaranteeing the right to education of citizens in the need of social security or aid the state takes on itself in part or completely their expenses during the time of education.

The categories, form and amount of aid of citizens in the need of social security or help is determined in accordance with regulations passed by the government of the Azerbaijan Republic.

7. The state guarantees the free education of citizens of the Azerbaijan Republic within the limits of the state standards accepted in state educational institutions.

Payments will be made to citizens less able to pay who are being taught in private educational institutions on the basis of norms of state educational institutions of the same kind and type.

8. The state will establish special stipends for individuals who can be trained in the republic and abroad who possess exceptional talent and are in need.

9. The state can grant a credit to higher school students until the end of their training under the condition that it be paid back within five years after the completion of education.

10. Citizens who have studied the curricula of educational institutions of the Azerbaijan Republic on their own and taken an external examination have the right to receive the appropriate documents.

11. Graduates of state and private educational institutions have equal rights in being admitted to an educational institution at the next level.

Article 7. The education process and social-political activity.

1. The educational process is inviolable. Parties, societies, organizations, religious and other groups may not intervene in the activity of educational institutions or the educational process.

2. The fact that a pedagogical worker is a member of any party or other social-political or religious organization within the guidelines of the Constitution of the Azerbaijan Republic cannot impede his educational activity.

3. It is not permitted to draw children who have not reached legal age into political actions.

4. It is not permitted to establish organizational structures for political parties or social-political movements in education institutions or education organs.

Article 8. Education and religion.

1. Education in the Azerbaijan Republic is secular.

2. Religious educational institutions can also operate on a general secondary school education basis, equal with secular educational institutions.

Article 9. Language of education.

1. The language of instruction in educational institutions in the Azerbaijan Republic is Azeri.

2. One can receive an education in other languages, including foreign languages, in Azerbaijan's educational institutions in accordance with the wish of citizens and the demands of the society; at this time the Azeri language, Azerbaijan's history, Azerbaijan's literature and Azerbaijani geography will also be taught within the guidelines of the state standard.

3. The right to select the language of education is guaranteed by way of establishing the conditions for starting a class or group according to the relevant rule.

Article 10. State education standards.

1. State education standards of the Azerbaijan Republic are to be applied. State standards determine the maximum instructional burden, the minimum content and scope of the educational program of students being educated in educational institutions of various types, along with other demands, and the necessary level of preparedness of graduates.

2. The state guarantees the objective evaluation of the level of education and specialized-vocational level of every citizen, no matter what the form of education. In order to implement this function independently, the State Certification-Diagnostic Center is being established within the Ministry of Education. The government of the Azerbaijan Republic is to submit its statutes.

3. The rules on the application and implementation of state educational standards will be defined by the government of the Azerbaijan Republic by conveying their state-public character.

Article 11. The diploma.

1. State-accredited educational institutions (other than preschool institutions) will give a state document in one form to graduates completing these educational institutions and on their specialization and level they received.

2. The state document on education is a necessary basis to begin relevant work activity and enter an educational institution at the next level.

PART TWO. THE EDUCATION SYSTEM.

Article 12. The education system concept.

The education system of the Azerbaijan Republic consists of the content of progressive education programs which are various levels of ranking, the network of education institutions which implement it, and other organizations connected with the educational process.

Article 13. The main duty of the educational system of the Azerbaijan Republic.

The educational system of Azerbaijan has taken on the historical duty of forming an individual possessing deep and all-round knowledge, ability, practical preparedness, high culture and a democratic worldview and who is constantly trying to develop this; one who is connected to his roots, the traditions of freedom and democracy of the people of Azerbaijan; who is deeply aware of the national, moral, humanistic, and spiritual-cultural values of the people, protects and develops them; who loves his fatherland and nation and constantly tries to elevate them; who has mastered the resources created by Islamic morality and values common to mankind; who respects human rights and freedoms; who thinks independently and creatively; a HUMAN BEING able to raise healthy compatriots capable of standing with citizens of the most advanced countries of the world in terms of knowledge, high moral and spiritual qualities, and democratization, and who can build a highly civilized society by eliminating the backwardness remaining from a colonialistic regime through this, and to turn Azerbaijan into one of the most democratic, developed democratic states in the world. The educational system of the Azerbaijan Republic serves the current and strategic interests of the people and state of Azerbaijan.

Article 14. Education programs.

1. The education programs of the Azerbaijan Republic will be implemented as below:

—general education programs;

—vocational-specilized programs.

2. General education programs include:

—preschool education programs;

—elementary, basic, secondary general education programs.

3. Vocational-specialized programs include:

—technical-vocational programs;

-secondary specialized education programs;

—postgraduate specialized education programs (ordination, master's degree, doctorate, etc.

4. At all levels of general education and vocational-specialized education additional education programs which are higher than state standards can be completed.

Article 15. Structure of the education system.

The education system of the Azerbaijan Republic is defined by the following structure: preschool education; general education; elementary education; basic education; secondary education; vocational-specialized education; technical-vocational education; secondary specialized education; higher specialized education; postgraduate training; master's degree; doctorate; specialization and retraining; external studies and education; selfstudy.

Article 16. Education institutions.

1. Educational institutions are established corresponding to the structure of teaching programs and the system of education.

2. Educational institutions can be as below:

—state and nonstate;

—paid or free.

3. State educational institutions play a leading role in the Azerbaijan Republic.

4. An educational institution, by being an independent legal person, is established as regulated under the laws of the Azerbaijan Republic, and can be reorganized or abolished.

5. A private educational institution, after having been registered as required by the governmant of the Azerbaijan Republic, receives the status of a legal person.

6. The basic document regulating the activity of an educational institution are its statutes which correspond to the laws of the Azerbaijan Republic and to the type appropriate to educational institutions.

Regulations on the appropriate type of educational institution are worked out on the basis of the laws of the Azerbaijan Republic and are presented by the republic government.

Statutes are prepared by the educational institution, they are passed by its highest organ, and submitted by the administrative organ of education.

7. Educational institutions have the right to make agreements between themselves, unite into teaching-educational complexes in participation with scientific, production and other institutions, organizations and administrations and establish teaching-science-production unities (associations), and enter into territorial teaching-production associations. The functions, structures and rights of education and other institutions which are entering into such complexes and associations are determined by their statutes.

8. An educational institutions which is a component part having the status of a legal person acts as a single educational institution.

9. In order to grant a definite status (gymnasium, lycee, medrese, college, academy, university, etc.) to educational institutions and investigate it for the quality of work conducted, a state-public certificate of educational institutions will be given in accordance with regulations of the education adminstrative organ of the Azerbaijan Republic.

10. The acceptance of citizens into educational institutions is an important state measure possessing strategic importance. During admittance to higher and specialized secondary schools the only criterion is the ability and knowledge of the applicant; no concessions will be granted in admittance.

11. Learning of programs at the basic and general education secondary levels and all kinds of technical vocational educational institutions are completed when a certificate is issued by the republic educational administrative organ. At intermediate stages the form of students' certificates, regulations and term are defined by the statute of the educational institution.

12. The state guarantees the protection of the rights of educational institutions.

Article 17. Preschool education.

1. Attention to preschool education will be increased in the educational system of the Azerbaijan Republic.

2. Preschool education is implemented in the family and in preschool childrens' educational institutions.

3. Preschool education is conveyed under condititons of close cooperation with the children and the families in educational institutions.

4. The parent is the child's first teacher. He, bearing in mind his responsibility to the society, must take care that the child grows up in a healthy manner and must lay the foundations for the child's physical, spiritual and mental development.

5. The state guarantees financial and material help for the education and welfare of children.

6. The basic duty of preschool education is to bring about the all-round development of children in accordance with the interests of the family and society, to prepare the children for a systematized education on the national level, to protect and reinforce physical and mental health, to develop individual capabilities in a focused manner, and to eliminate inadequacies in forming and developing the most important facets of character. With this objective a network of preschool

educational institutions having various forms and characteristics is to be established.

Article 18. Preschool educational institutions.

1. Preschool educational institutions include: infants' homes, infants' playgrounds, kindergartens, family kindergartens, school kindergartens, boarding kindergartens, preschool educational institutions for handicapped children, etc.

2. Children are accepted into preschool educational institutions basically at the wish of their parents.

3. The acceptance of children into preschool educational institutions is determined as a rule by local state organs.

4. State organs will compensate parents at its own cost for families for whom it is impossible to place their children into preschool educational institutions. The sum of the compensation must not be less than one-half of the current costs demanded to maintain one child.

5. Legal relationships between the nonstate preschool educational institution and parents (or those replacing them) are regulated by agreement.

Article 19. The organization of teaching and educational work at preschool educational institutions.

1. Educational work at preschool institutions is organized on the basis of the strategic interests of the people of Azerbaijan and the Azerbaijan Republic. When defining the content of educational work, a national orientation forms the basis by basing this on common human values; precedence is given the traditional moral system of the people. Games connected with domesticity, war, heroism and patriotism, the teaching of choral singing and marching, are turned into the most important interaction of the children; the state symbols of the Azerbaijan Republic, including the state hymn, will be taught. Programs based on subjects taken from folk literature are to be given primary emphasis.

2. The gradual teaching of foreign languages, including the languages of the East, will begin based on special methodology.

3. No matter what the language of instruction, precedence will be given the teaching of the Azeri language in all kindergartens and groups.

4. Special gardens or groups for especially talented children will be established.

5. A variety of additional classes (choreography, speech, geometry, artistic gymnastics, music, drawing, work, home economics, etc.) is guaranteed. These types of specialization are taken into account when pedagogical cadres are being trained.

6. Attention to the education of orphans will be increased. Educational institutions and boarding schools for orphans will be established adjacent to orphanages.

Article 20. General Education.

1. General education, by being a basic part of the educational system of the Azerbaijan Republic, creates equal possibilities for everyone by teaching according enthusiasm, interests and abilities.

2. The duty of general education consists of developing the individual's natural potential, teaching him the basics of science, succeeding in forming his personality by taking into consideration his physical, mental and intellectual potential and ability to concentrate and perceive, and preparing him for profitable activity in life and society, and guaranteeing that he will bring up clean-minded fellow countrymen who can think creatively and independently and who are closely connected to cultural and national moral values and that he is able to select a vocation conscientiously and to live an independent life.

3. Special attention will be given to the emergence of talent in the educational system of Azerbaijan and its development. Work with the gifted will turn into a special concern.

Article 21. General education institutions.

1. There are three levels of general education:

—elementary education (1-4th grades);

—basic education (5-8th grades);

—secondary education (9-11th grades).

Those completing the three levels will have received a complete general education.

2. Elementary, basic and secondary educational institutions can also function separately.

3. Elementary education begins at age 6.

4. Students who have reached age 14 can leave school by decree of the general education administrative organs in special cases. Orphans and children who have been deprived of their parents cannot leave school without the permission of guardian and protective organs.

5. The average size of a class is determined to be 20 pupils at the elementary and basic levels. When a class reaches 26, it must be divided in two.

6. When the situation necessitates the establishing of a school or separate classes in the elementary and basic levels in rural areas, the number of pupils is not taken into consideration. These kinds of schools or classes are opened by decree of local state organs.

7. Basic education is compulsory.

8. Students who have completed basic education will continue their studies at the secondary level of general education schools, vocational schools or vocational

lycees. Admission into these schools is conducted competitively. During the competition the interests, aptitudes and abilities of the students is taken into consideration.

9. Instruction at the third (secondary education) level of general education schools is conducted according to natural science-mathematics and humanities. Specialized classes will be opened for gifted children.

10. Average class size at the secondary level of education is 15 students. When the number of students reaches 20 the class must be divided into two. In foreign language courses, Azeri language classes, special classes, physical education and work education classes are divided into two sections.

11. For gifted students, from the third level (secondary education), specialized science schools, gymnasiums, lycees and other educational centers will be established. Certain science schools can operate under the aegis of the relevant higher school.

12. Evening and correspondence classes and groups on the general education base will be established for working citizens who have been unable to complete their secondary education.

13. It is permitted to complete general education earlier than the determined period.

14. Differentiating students in the teaching process is directed at the effective organization of learning. The primary goal is perfect knowledge and capability.

Article 22. Educational institutions for citizens in need of social aid and health rehabilitation.

1. General education boarding schools will be opened for children lacking the necessary conditions to receive training and education in the family.

2. Boarding schools and children's homes will be opened for orphans and children deprived of the protection of their parents. These kind of educational institutions are maintained completely at the cost of the state.

3. Sanatorium schools, boarding schools and homes will be opened for children requiring longterm medical treatment. Classes can also be held for these children in hospitals, sanatoriums and homes.

4. Special schools, boarding schools, children's homes and other types of educational institutions will be opened for mentally and physically handicapped children.

5. Special general educational and vocational schools for children and teenagers who need to be educated in isolation will be opened.

Article 23. Special-vocational education.

Special vocational education is implemented at various teaching institutions providing a specialized education after vocational-technical education, secondary specialized education, higher specialized education and higher education.

Article 24. Special-vocational educational institutions.

Special-vocational educational institutions include: vocational schools, vocational lycees, secondary special schools (technical schools, colleges), higher specialized schools, higher colleges, institutes, conservatories, academies, universities, etc.

Article 25. Vocational schools and vocational lycees.

1. Vocational schools and vocational lycees are primary vocational education institutions which meet sociey's demand for artisans in various skills.

2. Teenagers with artistic tendencies who have completed compulsory education and who are not interested in receiving a secondary education, those wishing to increase vocational preparation in various sectors of production, and youths who wish to change their vocation are drawn into the vocational schools.

3. Conditions are created for youths lacking a general basic education to receive a vocational education in certain cases.

4. Youths with a secondary education can be educated in a primary vocational school in accordance with their wishes.

5. Secondary education is not given at vocational schools.

6. In addition to the vocational schools, teaching units—courses, various vocational courses sponsored by large production institutions—operate for citizens to attain various work specialties, increase their expertise and master a new specialty.

7. Youth accepted into vocational lycees both receive a secondary education and master a relatively complicated vocation over the course of three years.

8. Appropriate groups are organized at vocational lycees for youth who have completed a general secondary education.

9. The average class in teaching groups at vocational schools and lycees is 15 students. When the number of students reaches 20, the class is divided in two.

10. The revival of rare and traditional artistic fields which have been forgotten or fallen out of use in Azerbaijan is one of the primary duties of vocational schools and vocational lycees. With this objective, vocational schools and vocational lycees for traditional art and other fields of occupation are being opened in various rayons of Azerbaijan, including in rural areas.

11. Vocational schools and vocational lycees operate on the basis of world standards.

12. Vocational-teaching institutions operate by state order or on the basis of contracts signed with administrations, institutions, organizations or certain citizens. Certain vocational-teaching institutions can be base institutions which train cadres on the basis of longterm contracts.

13. Vocational centers such as vocational-teaching institutions, vocational factory-schools, vocational sovkhoz-schools, etc., can be established under the auspices of certain organizations, production-economic complexes and higher schools.

14. Youths studying at state vocational schools and vocational lycees receive their education at the cost of the state.

15. The specialization "worker-artisan" is among the various degrees conferred on graduates of vocational-teaching institutions.

16. There are both day and evening forms of education at vocational- teaching institutions.

17. Special courses, schools and lycees will be opened for physically handicapped children.

18. Citizens receiving an education for the first time at state vocational schools and workers sent to change their specialty by an employment service receive free educations.

19. Youths graduating from the vocational lycee with distinction can be admitted into a higher course without examination. When graduates of pedagogical lycees enter higher schools in accordance with their specialties, they will be given preference—grades during the competition being equal—after all acceptance examinations have been given.

Article 26. Specialized secondary schools (technicums, colleges).

1. Specialized secondary schools are teaching institutions implementing specialized secondary education programs.

2. Specialized secondary educational institutions, operating on the base of basic and secondary general education, vocational schools and vocational lycees, prepare middle level specialists, perfect and increase their expertise.

3. After basic education is completed, citizens entering a specialized secondary school receive a general secondary education along with a specialized secondary education.

4. Those learning a vocation or a specialty for the first time at state specialized secondary education institutions and citizens sent by job placement organs receive a free education.

5. A modern network of colleges will be established on the basis of the material-technical bases of advanced technicums which have organized the teaching process at the level of world standards and cadre potential.

6. Technicums and colleges in the relevant specialties can operate under the aegis of higher schools.

7. The degree "junior specialist" is granted to graduates of specialized secondary schools. When graduates finish specialized secondary schools with a diploma of distinction they are given preference equal to passing grades after the competitive examinations are given.

Article 27. Higher schools.

1. Higher schools (higher colleges, institutes, conservatories, academies, universities, etc.) are teaching institutions implementing higher specialized educations programs.

2. Higher schools train highly educated specialists who are connected with their roots and Islamic morality by possessing deep and all-round scientific knowledge, competence, practical training, high culture and a democratic worldview, and guarantee that their specialties will expand and new specialities be learned as well as guarantee the training of scientific and scientific-pedagogical cadres.

3. Higher schools of the Azerbaijan Republic operate as teaching institutions for concrete specialties, teaching complexes, teaching-scientific complexes, teaching scientific-production complexes and others. Teaching institutions at various levels (secondary schools, lycees, vocational lycees, technicums, colleges, etc.), scientific-research centers, institutes, production institutions and others operate under their aegis.

4. Higher education in the Azerbaijan Republic function on a general secondary education base.

5. Cadre training in higher schools is implemented by means of external, correspondence, evening and other combinations of these forms.

6. A "baccalaureate" or "specialist" degree can be granted for external, evening and correspondence.

7. Direct (daytime) education plays the leading role in the specialized higher education system of Azerbaijan.

8. The basic fields of endeavor of higher schools are below:

—the training of specialists with a higher education at various levels;

—to conduct scientific research;

—to train scientific-pedagogical and scientific cadres with high levels of expertise;

—to certify scientific-pedagogical and scientific cadres;

—to guarantee advanced specialty training and retooling of cadres;

—cultural-educational, publishing, financial-economic, scientific- production, and commercial activity;

—foreign relations.

9. Higher schools can operate on the basis of agreements concluded with state authorities, administrations, organizations, institutions and even certain individuals.

10. State higher education institutions play the leading role in the Azerbaijan Republic.

Article 28. Levels and specialized degrees of higher education.

1. Specialized higher education programs in the Azerbaijan Republic are implemented in one-level, two-level and three-level higher schools depending on the cadre potential and material-technical base of the higher teaching institution and the nature of the specialization given to citizens. The Ministry of Education determines the duration of education at certain levels of these higher schools on the basis of a recommendation by the teaching institution.

2. A specialist with a higher education in a defined vocational field or concrete specialties is trained at one-level higher schools and institutes. Graduates of such higher schools receive the degree of "specialist."

3. Graduates of the first level of two-level institutions of higher learning complete a general higher education in the specialty they have selected in accordance with the appropriate state standard and begin their work activity. Those completing this level receive a "baccalaureate" degree by decree of the State Examination Commission. Specialists with the "baccalaureate" degree cannot become teachers in higher schools. The most talented and deserving of the specialists with the "baccalaureate" will remain at the magistratura on the basis of a competition. At competitions held for the magistratura, earlier graduates who have received the "baccalaureate" and graduates of other one-level higher schools can participate. At the magistratura, in-depth specialization is conducted and special attention is given to the formation of competence and habits in scientific research. Those completing the magistratura receive the degree "magister" by the Scientific Council, according to the scientific work they are defending, and begin work in their field.

Specialists with the "magister" degree can work at higher schools at the "baccalaureate" level, as well as institutes, colleges, conservatories and other one-level institutions, at scientific-research centers, institutes and at teaching institutions at various levels.

4. Some universities and academies having the cadres potential and material-technical base can pass on to the three-level educational system. Graduates who have displayed specialized scientific training and concrete scientific results when they were given the "magister" degree at this kind of higher school can be retained at the third level by decree of the Scientific Council, at the academy level or the doctorantura and, after an appropriate examination has been given, they continue their research. Specialists who have completed the doctorantura and have defended a specialized dissertation at the Scientific Council can work at the "magistratura" levels of universities and academies. Doctors work at scientific-research centers, institutes, teaching institutions at various levels, and other sectors.

5. Students at one-level higher schools and at the "baccalaureate" level of two- and three-level institutions of higher education are given final state examinations when they complete the courses in fundamental specialized sciences. The concrete specialists' commission (members of the department) accepts the final-state examinations. When the term of education is completed, a specialized degree, according to the field in which the student defends his scientific work and his success during the period of education, will be granted. The final state examinations and diploma specialty which will be granted during the course of study will be shown in the teaching plan.

6. The following specialized degrees corresponding to the corresponding state standards will be granted to graduates of specialized higher education institutions:

—"Specialist" will be granted to graduates of institutes and other one-level higher education institutions;

—"Baccalaureate" will be granted to graduates of higher colleges, one- level institutions, conservatories and two- and three-level higher schools, and this is equal to the "specialist" degree. "Baccalaureate" is also a scientific degree.

—"Magister" will be granted to those completing the "magistratura" level of two- and three-level higher schools. "Magister" is also a scientific degree.

Article 29. Admission to higher schools.

1. The acceptance of students in specialized higher education institutions is a very important state measure possessing strategic importance.

2. The admission of a student into a higher school is computerized, taking advanced world experience into consideration, and is centralized as a rule.

3. When the number of admissions' examinations and question system are determined, precedence is given to specialized knowledge and capability when examinations are graded.

4. No concessions are allowed in student admission. Gold and silver medals, diplomas with distinction and other successes given to graduates of general secondary schools, vocational lycees and specialized secondary schools will be taken into consideration on an equal basis with grades collected during the competition after all entrance examinations.

Article 30. Scientific degrees and scientific titles.

1. Scientific degrees in the specialized higher education system are determined by the following:

—"Baccalaureate" is the first scientific degree given on the basis of a decision by the State Examination Commission according to scientific work to graduates of the "baccalaureate" level of colleges, institutes, conservatories, two-level and three-level higher schools;

—"Magister" is the second scientific degree which is given by Scientific Councils (faculty) of universities, academies and institutes possessing equal status with them;

—"Doctor" is the third scientific degree given by specialized scientific councils.

2. The scientific degree "candidate of sciences" will be maintained until the opening of the first doctoranturas in the three-level specialized higher education system which begins activity simultaneously with this law.

3. Scientific councils of higher schools and scientific-research institutes give the scientific titles "docent," "professor," "chief scientific worker" and others and confirm their definitions.

Article 31. Scientific research in the higher education system.

1. Higher schools of the Azerbaijan Republic are important scientific research centers along with being teaching and education centers.

2. The higher school fulfills state requirements along with guaranteeing that the teaching and educational process is in accordance with the specialized scientific profile, and participates actively in the fulifllment of scientific programs and projects on the basis of contracts and agreements. With this objective, scientific-research laboratories, centers, institutes, creative organizations, associations and experimental-production complexes will be established along with the department which are the nuclei of important scientific research.

3. Fundamental research will be given precedence in scientific fields garanteeing the state's national revival, including basic research in the fields of the problems of education and culture.

4. An important part of the activity of higher school specialists, taking into consideration scientific successes and competence in scientific research, can be concentrated on scientific research. These kinds of specialists will be drawn into close participation in teaching specialized courses and seminars, the preparation of course and diploma work, and the training of highly specialized cadres.

Article 32. The independence of higher schools.

1. Higher schools in Azerbaijan fulfill independently teaching plans which have been confirmed by the Ministry of Education and which are in accordance with world standards.

2. Higher education institutions are independent in applying effective and progressive methods of teaching and scientific research.

3. Up to 20 percent of the teaching time which has been taken into consideration in the teaching plans can be used freely.

4. Autonomy will be given to higher schools on the basis of accreditation in correspondence with world standards determined by their successes in the sectors of cadre potential, material-technical base, teaching and scientific research. Higher schools which have received the right of autonomy will receive the additional rights below: to determine the content of education provided it is not lower than world standards; taking state requirements into consideration, to define an admissions plan for accepting students (baccalaureate, magister) and doctorands; to give a scientific degree freely, to found and grant the higher school's own degrees and titles; the right of the educational institution to own the building where it is located, the material-technical base and other property; to implement authorities pertaining to state administrative organs according to statutes; the higher education institution which has gained autonomy can give some of its own authority to state educational organs.

Article 33. Increasing specialties and retraining cadres.

1. Increasing specialties and retraining cadres guarantees the deepening of the specialized knowledge of citizens, increasing their vocational competence, and mastering new skills based on practical work experience and the specialty they received in an earlier educational institution.

2. The activity of institutions in increasing expertise and retraining cadres is built on the basis of the needs of society.

3. Taking into consideration state requirement for increasing expertise and retraining cadres, the teaching institutions will implement these needs on the basis of agreements concluded with an institution, organization, administration or individual citizens.

4. Increasing expertise and retraining cadres are determined on the basis of agreement within the institutions on the form, content and duration of the instruction.

5. Expertise increasing and cadre retraining institutions will be equipped with the most modern technology and equipment.

6. The retraining in pedagogical and psychological sciences of teaching staffs working in the teaching institution who lack a basic pedagogical education will be guaranteed.

Article 34. Teaching institutions implementing the increasing of expertise and retraining of cadres.

1. The teaching institutions implementing the increasing of expertise and retraining of cadres are below:

—faculties for increasing expertise and retraining cadres in higher schools;

—course on increasing expertise and cadre retraining active within large production institutions;

—vocational-teaching-education institutions;

—teaching course combines;

—other teaching institutions with a special permit for this work from education organs.

2. There can be day and evening sections and, in certain places, affiliates of institutions for increasing expertise and retraining cadres.

3. Scientific research on relevant problems can be conducted in institutions for increasing expertise and retraining cadres.

Article 35. External teaching and education.

1. External teaching and education, by being an integral component of the educational system, serves the development of the ability and talent of children and youths, to meet their interest and spiritual demands, and to strengthen them physical.

2. The work of external teaching and education is built on the basis of voluntarism; it is conducted with the help of families, teaching institutions, public organizations, creative unions, societies, funds, work collectives, and certain citizens.

3. A material-technical base according to modern demands will be built for external teaching-education institutions, and experienced educators, teachers, methodist-pedagogues, advisors, scientists, artists and other specialists will be attracted to their work.

Article 36. External education and teaching institutions.

1. External teaching and education institutions include the following: children-youth creative palaces, homes, stations and clubs; children-youth sport and fine arts schools; children-youth studios, libraries, health institutions and others.

2. At external teaching and education institutions the councils of these institutions determine the content and forms of their work.

3. Children being educated at child education institutions and students can use the services of sport and cultural institutions free or on the basis of an agreement. The regulations on granting these kinds of privileges are determined by local state organs.

Article 37. Free education (self education).

In order that citizens can be self-educated, state organs, institutions, organizations, will open people's universities, lectures halls, libraries, information centers, and clubs, and television and radio teaching programs will operate.

Article 38. The founders of education institutions.

1. The following can be founders of education institutions: state government and administrative organs, local administrative organs; local and foreign companies, institutions, administrations and organizations of any type of ownership; public organizations; citizens of the Azerbaijan Republic; citisens of foreign countries.

2. Non-state educational institutions can be established with educational-charitable goals as long as they do not act for reasons of profit.

3. Agreements between founders and educational institutions will be built on the basis of agreements in line with education laws.

Article 39. Forms of education.

1. Taking the possibilities and demands of citizens into account, the following forms of education can be implemented:

a) by being separated or not being separated from production;

b) by way of education in the educational institution, the family, or self-education.

The relationship between various forms of education is possible.

2. One state standard will be applied for all forms of education within the framework of education programs.

3. The list of vocations and specialties, the study of which will be forbidden not apart from production or externally, will be determined by the government of the Azerbaijan Republic.

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PART 3. ADMINISTRATION OF THE EDUCATIONAL SYSTEM

Article 40. Administration of the educational system and public self-administration in the educational system.

1. A system of state and public self-governing organs will be established in order to administer education in the Azerbaijan Republic. state and public self-governing organs will act within the framework of authority determined by the education law in force and direct their efforts in ways not forbidden by the law. Management of the educational system is regulated by the Education Law, relevant legal acts, and the rules and Statutes of educational institutions.

Administration in the educational system is implemented by state organs and public organizations.

The government of the Azerbaijan Republic, the Ministry of Education, as well as local administrative organs, are the main subjects administering the educational system.

Relevant scientific-pedagogic collectives, trade unions, societies and social-political organizations will take part in the administration of educational institutions.

2. Non-state educational institutions are administered on the basis of the education law.

Article 41. State organs administering education.

The following state organs administer the education system in the Azerbaijan Republic:

—the Cabinet of Ministers of the Azerbaijan Republic;

—the Ministry of Education of the Azerbaijan Republic;

—the higher executive organs of the Nakhchyvan Autonomous Republic;

—the Higher Certification Commission of the Azerbaijan Republic;

—local state administrative organs, local education organs and their appropriate structural departments.

Article 42. The Cabinet of Ministers of the Azerbaijan Republic.

The Cabinet of Ministers of the Azerbaijan Republic determines the strategy of education:

—it oversees the execution of the education law, various legal acts pertaining to this and other documents;

—it defines the organizational structure of the administration of the educational system;

—it establishes the central state administrative structures of education and leads them;

—it determines rules for the establishment, reorganization and abolition of educational institutions;

—it establishes, reorganizes and abolishes secondary and higher vocational-specialized educational institutions, vocational schools and lycees;

—it presents a list of specialties for secondary and higher vocational-specialized educational institutions which are preparing specialists, opens up and closes such specialties depending on social needs;

—it determines state educational standards, the relevance of educational standards of the documents accepted on education in the republic, and the basic state requirements of education in the republic, and ensures that these are coordinated with world standards;

—it submits regulations on educational institutions, their certification, accreditation and licensing;

—taking into consideration national, social-economic, demographic and other characteristics, it prepares and implements state and international programs on the development of education;

—it allocates a share of the national income for the financing of the educational system, and forms the republic budget for education and development funds for education;

—it determines state norms for the financing of education, rules on the payment of salaries to workers in the educational system, salary minimums, concessions and privileges, the guarantees of stipends for students and the social protection for others being educated of various categories;

—it guarantees the promotion of a tax policy which stimulates the development of education in the republic;

—it organizes the Azerbaijan Higher Certification Commission for the certification of highly qualified specialists;

—it raises the question on the founding of honorary awards and prizes of the Azerbaijan Republic for workers in the educational system.

Article 43. The Ministry of Education of the Azerbaijan Republic.

The Azerbaijan Republic Ministry of Education, by being the central administrative organ of the educational system, participates in the preparations of a single state policy in the education sector and assures its implementation:

—it supervises the observing of the execution of education laws and adherence to state educational standards;

—it makes appropriate changes in the ministry's structure with the goal of assuring the skillful management of education;

—it organizes an information service for the educational system;

—it establishes a simple regulatory, coordination, scientific-methodological information supply, and supervisory apparatus able to guarantee activity on the level of normal, harmonious and contemporary demands of the educational institutions;

—it establishes an Experts' Council consisting of highly qualified specialists who assure a scientific leadership for education and prognostications in this sector, and prepare the necessary, normative documents;

—it coordinates the work of state inspection with the Experts' Council;

—it guarantees control over the execution of education laws of state inspection, regardless of the form of ownership;

—it submits regulations for the preparation of founding and other documents of educational institutions and educational organs, the accrediting of scientific-pedagogical cadres, and the registration of statutes;

—it organizes the preparation of similar founding documents for educational institutions, regardless of the form of ownership, primary education plans, programs, textbooks, and methodological teaching materials and their publication; it gives instructional-methodological help and information to educational institutions;

—it determines the relevant norms of material technical equipment and financing in accordance with the budget of educational institutions and administrations;

—it abolishes and reorganizes educational institutions in the administration within its authority, it creates new educational institutions, registers their statutes, and expresses an opinion on questions of the establishment, reorganization or abolition of other educational institutions or administrations, whether they are subordinate to it or not and regardless of their form of ownership;

—it prohibits turning non-state educational institutions into sources of earnings;

—it petitions the government on the establishment or abolition of educational institutions.

Article 44. Executive organs of the Nakhchyvan Autonomous Republic.

—determine the state policy of the autonomous republic in the education sector on the basis of education laws of the Azerbaijan Republic;

—establish the center of education and local administrative structures in the autonomous republic and leads them;

—supervise the administration of the Education Law of the Azerbaijan Republic on the territory of the autonomous republic and the organization of education according to state standards;

—establish, reorganize and abolish educational institutions within their authority;

—determine the categories of education;

—determine the budget for the development of education in the autonomous republic;

—determine taxes and levies for educational goals;

—finance the educational institutions and organizations, and guarantee them material-technical supplies;

—provide information services and scientific-methodological help to educational institutions;

—supervise the activities of non-state educational institutions and do not permit themn to be turned into sources of earnings.

Article 45. The Higher Accreditation Commission of the Azerbaijan Republic.

1. The Higher Accreditation Commission of the Azerbaijan Republic organizes and implements the accreditation for scientific and scientific-pedagogical cadres.

2. It confirms all scientific degrees, all higher education institutions of the Azerbaijan Republic and the scientific titles given to scientific and scientific-pedagogical cadres in the Academy system.

3. The Cabinet of Ministers of the Azerbaijan Republic confirms the Charter of the Higher Accreditation Commission.

Article 46. Local state administrative organs.

1. Local state administrative organs implement state education policy within the framework of their authority. The authority of local state administrative organs includes:

—determining the requirements of budget financing;

—financing educational institutions which are special to them, and institutions and organizations included within the state educational system;

—concern for the development of teaching and educational institutions and organizations by considering the characteristics of the field, its prospects and its socioeconomic development, strengthening their material base, and supplying it;

—guaranteeing the welfare of education workers, children, and students, establishing the technical and financial guarantees corresponding to the norms determined for their activity and education, determining the scope of the educational institutions within the framework of their authority, financing the salaries of educational workers and tax concession conditions;

—establishing an education fund on the basis of voluntary allocations;

—organizing the registration of schoolage children, and guaranteeing that children are educated up to the age of 14;

—resolving issues on the basis of law of questions of protecting children deprived of parents, orphaned, and who have not reached maturity;

—creating the necessary conditions to guarantee the education, and development of the abilities and interests of children and students wherever they live;

—guaranteeing free round-trip transportation to educational institutions for those in rural areas, those in need and children;

—raising the question of the opening, reorganizing or abolition of educational institutions of local importance no matter what the ownership basis.

2. Local state administrative organs do not interfere in questions connected with the administration of educational institutions.

Article 47. Local educational organs.

1. Local organs—city and rayon education departments—of the Azerbaijan Republic Ministry of Education are established in order to administer local educational institutions. The activities of local education organs are directed in the following areas:

—implementing the education policy of the state within their authority;

—not permitting violations of the education laws;

—organizing scientific-methodological supplies of educational institutions;

—perfecting the professional skills of education workers and retraining them;

—coordinating activity in the sector of the teaching and education of children of pedagogical collectives, production institutions, the family and the public;

—preparing requests to the state on the training of cadres on the basis of local demands and specialists of various categories, and concluding the appropriate agreements on this;

—supervising the fulfillment of state demands on the accreditation of teaching and education specialists of local importance and sharpening the skills of education workers.

2. Local education organs are subordinate to the Ministry of Education.

Article 48. Public self-governing organs in the educational system.

1. Self-governing organs in the educational system are as follows:

—general meetings (conferences) of teaching and education institutions;

—the council of teaching and educational institutions;

—rayon and city conferences of education workers;

—rayon and city education councils;

—the republic congress of education workers;

—the Azerbaijan Education Council.

2. Self-governing organs in the educational system make effective recommendations directed at the solution of teaching and education, scientific research, methodology, financing and various questions of the commercial-economic activity of educational institutions, and participate in managing these with them.

Article 49. The self-governing of teaching and education institutions.

Self governing rights of teaching and educational institutions are as follows:

—planning their work independently, resolving questions of teaching and education, scientific research, methodology, finance economics, and economic-commercial issues freely;

—participation in the acceptance of planning by considering state requirements, and the requirements of certain institutions, organizations and citizens;

—determining the forms and methods of teaching, and the school component of the makeup of education;

—staffing the institution with cadres, including citizens of other states;

—proposing the structure and staff schedule of the institution within the framework of the determined wage fund, and using various forms of financing freely;

—implementing public control over food served in the teaching and educational institution.

Article 50. Conditions of founding teaching and education institutions.

1. A teaching and education institution is established according to the demands of the socioeconomic development of the society, the national revival, the cultural-educational and other sectors.

2. There must be the cadre potential and scientific-methodological basis for the establishment of teaching and education institutions.

3. Education and instruction must be provided according to state standards regardless of the teaching and education institution, its status or form of ownership.

4. The Cabinet of Ministers of the Azerbaijan Republic determines demands on teaching and education institutions of state importance and the network of these kinds of teaching and education institutions.

5. Local state administrative organs determine the demand for the opening of education and teaching institutions of local importance.

6. The Cabinet of Ministers of the Azerbaijan Republic determines the rules for opening a teaching and education institution.

Article 51. The administration of state educational institutions.

1. State educational institutions are administered on the basis of the Statutes applicable to teaching and education institutions and the education laws of the Azerbaijan Republic.

2. The Statutes of the educational institution must be presented at the institution's Council.and registered at the Azerbaijan Republic Ministry of Education and the local state administrative organs. Teaching and education institutions whose statutes have been registered in this way are to be considered legal persons.

3. The authorities of primary structures (faculties, departments, etc.) which organize the teaching and education of local teaching and education institutions and educational institutions of state importance are to be broadened.

4. The state teaching and education institutions are headed by a director, rector, president or equivalent.

5. The head of a local educational institution is elected on the basis of the institution's Statutes or proposed by the appropriate educational organ after he is attracted to the job by the Council.

6. Heads of educational institutions of state importance are elected on the basis of these institutions' Statutes and confirmed by the Ministry of Education of the Azerbaijan Republic.

7. Heads of two-or three-tiered higher specialized educational institutions (universities, academies, etc.) are elected on the basis of the Statutes of the institutions and, based on this, the relevant decree by the republic president is given.

8. Chiefs of military or police schools are appointed according to the appropriate rules.

Article 52. The administration of non-state teaching and education institutions.

1. Non-state teaching and education institutions are administered according to the education laws of the Azerbaijan Republic and special normative acts.

2. The founders of non-state educational institutions supervise that education is structured in accordance with state standards and that documents on specialty correspond with state standards:

—any accumulations obtained as a result of the activity of educational institutions are used with the goal of the further development of the educational institution;

—they must broaden and modernize the material-technical base of education;

—they must provide incentives to education;

—they must fully guarantee the social and economic interests of children, students and teachers;

—they must broaden the ties of educational institutions with foreign countries;

—accumulations gained must not be used for the sake of profits.

Article 53. Scientific-methodological and information guarantees of educational institutions.

1. Higher schools, scientific institutes in the academy system, independent scientific institutes, scientific-research collectives conducting research in pedagogy and psychology, advanced training institutes, libraries of republic or local importance, information organs and other scientific-methodology institutes, relevant centers of education will implement the scientific-methodological and information maintenance of education in close cooperation with organizations and collectives as well as creative organizations, associations and societies.

2. A single pedagogical center—a higher education institution which is a three-tier teaching, scientific research and experimental complex, the Pedagogical University and the Academy of Pedagogical Sciences—will be established which resolves the cadres, scientific-theoretical, practical and methodological problems of preschool and general secondary educational institutions of the republic.

3. The Ministry of Education will supply the curricula of the teaching institutions at all levels based on principles determined by the education concept and the education laws of the Azerbaijan Republic, as well as the revision of programs and the writing of new textbooks appropriate to this.

4. The publication of the pedagogical press, textbooks and teaching methodological aids will be published at the cost of the state.

Article 54. Psychological service in the educational system.

The state psychological service will operate in the educational system of the Azerbaijan Republic.

Article 55. Social-pedagogical care in the educational system.

Social-pedagogical care will operate in the educational system. Social-pedagogues will implement the social-pedagogical care. Social-pedagogues will take part in the establishment of mutual ties between teaching and education institutions, the family and society, and give advice to parents or those who have replaced them on constant changes in the social environment. A social-pedagogue will hold equal status with a pedagogical worker.

Article 56. The participation of state, public, cooperative and branch institutions, organizations, as well as certain citizens in the educational process.

1. State, public, cooperative and private institutions, organizations and certain citizens will participate in the educational process by providing financial help or material and other aid to teaching and educational institutions or students, aspirants and doctoral candidates studying in them.

2. State administrations and institutions (not included in the state budget), public administrations and organizations, cooperatives and associations can provide social requirements to state educational institutions on training specialists. Such requirements will be regulated by contracts concluded between state educational institutions and those issuing the requirements.

3. By decree of the council of the teaching and education institution, representatives of institutions, administrations and organizations, science and cultural workers, and citizens in other fields can be drawn into the administrative or teaching and educational work of the educational institution, help in the intellectual and cultural development of the children and student youth, and advise educators and teachers.

Article 57. Medical services in the educational institution.

A medical service will be organized in all teaching and education institutions included in the educational system of the Azerbaijan Republic.

Local state administrative organs will supply the medical services to educational institutions.

Appropriate administrations and institutions and field medical institutions of the Miniustry of Health of the Azerbaijan Republic will provide the medical services.

Article 58. Organization of food services at educational institutions.

1. Local administrative organs, the Azerbaijan Republic Ministry of Trade and other ministries, administrations and organizations having trade and public provisioning institutions subordinate to them are responsible for the organization of food services abd supplies at educational institutions.

2. Health organs of the Azerbaijan Republic will implement state supervision over the quality of food.

Article 59. The establishment of healthy and secure conditions for the teaching and education process.

1. The owner is responsible for establishing healthy and secure conditions for teaching and education at educational institutions.

2. The state will be concerned for the development of physical education and sports at teaching and education institutions at all levels with the goal of guaranteeing the health of the growing generation. Attention to the revival and development of all kinds of national sports will be increased. With this objective, teaching plans will be reexamined. The network of sports and health complexes will be expanded.

PART 4. PARTICIPANTS IN THE TEACHING PROCESS, THEIR RIGHTS, DUTIES AND SOCIAL WELFARE.

Article 60. Participants in the teaching and education process.

Participants in the teaching and education process include:

—children receiving an education, students, auditors, probationers, interns, aspirants, doctoral candidates;

—educators, teachers, practical psychologists, social-pedagogues, industrial arts masters, methodologists, pedagogical workers at non-school institutions, scientific workers, engineering and technical workers, teacher aides, workers in the pedagogical press, workers in educational administration;

—parents or those replacing them, parent-educators at family-type childrens' homes;

—representatives of institutions, administrations, organizations, funds, associations, societies and unions participating in the educational process.

Article 61. The rights of children, students, auditors, probationers, interns, aspirants and doctoral candidates receiving an education.

1. Rights of children, students, auditors, probationers, interns, aspirants and doctoral candidates receiving an education are as follows:

—to select the type and form of education, an individual program and extracurricular activity;

—to use the teaching-production, scientific, cultural, sports, food, and health fascilities of the teaching and education institution;

—to freely use information pertaining to all fields of knowledge;

—to be engaged in all types and fields of scientific and engineering-design research, and to take part in conferences, olympiades, competitions, exhibition and others;

—to receive permission to go to other education and research institutions, including in foreign countries;

—to continue education in the skill or specialty studied;

—to take part in the organization and improvements in public self-government, education, training, scientific research, mass cultural work, food service and others either personally or through a representative;

—to take part in voluntary self-help organizations;

—to be guaranteed harmless learning and work conditions for the sake of security and health;

—for children at the basic educational level to be engaged in workafter lectures are over;

—to interrupt education temporarily at vocational and higher specialized schools;

—to use the medical and health services of the institution;

—to be protected against all kinds of exploitation, physical and mental aggression, and illegal actions or those which denigrate human worth or values by the leadership, pedagogical workers and others.

2. With the exception of cases determined by decree of the Cabinet of Ministers of the Azerbaijan Republic, it is forbidden to insist that students, probationers, auditors, interns or doctoral candidates take part in measures or work which is not directly connected to the educational process.

Article 62. The duties of students, auditors, probationers, interns, aspirants and doctoral candidates.

Included in the duties of students, auditors, probationers, interns, aspirants and doctoral candidates are:

1. To constantly increase and deepen knowledge, perfect and constantly deepen practical competence, vocational-specialized training, and raise the general cultural level.

2. To act according to the Statutes and internal regulations of the teaching and education institution.

3. To adhere to the education laws, and ethical and moral norms, and the living together connected with the teaching and educational process.

Article 63. Additional types of social-material assurances for children, students, auditors, probationers, interns, aspirants and doctoral candidates.

1. Local administrative organs, ministries, institutions, organizations, associations, unions, societies, funds, certain citizens, as well as persons, institutions and societies living or active abroad, can provide supplemental social-material aid at their own cost to children, students, auditors, probationers, interns, aspirants and doctoral candidates.

2. Persons who have not left production but are receiving an education have to right to receive additional compensation, shortened work time, as well as other privileges determined by law.

3. A compulsory education fund will be established with the goal of providing material aid to school children in general education schools. The funds allocated must not be less than one percent of the school's yearly budget, and it is created at the cost of contributions from the institution, organizations, societies and certain citizens.

4. Students at general education schools are assured of one uniform per year on the basis of day to day costs; less well-to-do families receive the uniform and textbooks free.

5. The transporting of students to school living more than three kilometers away at no cost is guaranteed.

6. During production training and practise full wages are to be paid students based on the time worked, and working conditions are guaranteed to be safe and healthy.

7. Monies will be allocated for the expansion of scientific research at the cost of additional allocations.

Article 64. Pedagogical activities.

1. Individuals having high spiritual qualities and, when required, practical vocational and specialized skills, and who are equipped for pedaogical work from a health standpoint, can be engaged in pedagogical activity.

2. Individuals forbidden to be pedagogically active due to health reasons indicated on a list presented by the Cabinet of Ministers or by decree of the court cannot be engaged in pedagogical activity.

3. The personnel of an educational institution are staffed according to this institution's Statutes. Acceptance for work can be based on a contract, agreement or by competition. All labor questions are to be regulated according to the labor laws of the Azerbaijan Republic.

4. Pedagogical workers will be certified. As a result of the accreditation, the worker's degree of practical preparation, his level of vocational skills or specialization and whether or not he is qualified by the position he holds will be determined. A decree by the accreditation commission in accordance with the law can be the basis for removing a pedagogical workers from the position he holds.

Article 65. Rights of pedagogical workers.

1. Pedagogical workers have the following rights:

—to defend the value and honor of his skills;

—to demand that normal conditions be created for vocational and specialized activities;

—freedom in selecting the forms, methods and ways of instruction and in pedagogical efforts;

—to take part in the public self-government of the teaching institution in accordance with the statutes of the educational institution and the elect the leadership of its structural departments;

—to increase specialization or to respecialize, and to freely select the advanced specialization and cadres retraining institution one wishes, and the form and method of instruction;

—to go on extended paid leave;

—to make use of legally determined concessions and privileges.

2. With the exception of cases defined by law, it is forbidden to remove pedagogical workers from their jobs.

Article 66. Duties of pedagogical workers.

The duties of pedagogical workers are as follows:

—to direct pedagogical activities toward fulfilling duties standing before the state policy on education as defined by law and the educational system of the Azerbaijan Republic;

—to create the necessary conditions for children receiving an education, students, auditors, probationers, aspirants and doctoral candidates to master the teaching and research programs at the level of state standards;

—to indoctrinate students with love and respect for roots, Turkic-Islamic moral values, common human resources, spiritual values shared by all mankind—truth, justice, faithfulness, patriotism, humanism, compassion, love of work, democracy, principles and other qualities through work and personal example;

—to create a feeling of deep respect for parents, the family, women, the aged, children, the environment, Azerbaijan's natural wonders as a whole, the history of Azerbaijan and its people, and national cultural values;

—to train those being educated for a conscientious life based on mutual understanding, peace and concord between peoples and ethnic, national and religious groups;

—to keep to pedagogical ethics and morality, and to respect the worth and honor of children and students;

—to protect children and youth from all forms of physical and psychic arbitrary action, and to prevent their use of spirits, narcotics and other harmful habits;

—to increase vocational-specialized skills, practical training and pedagogical expertise on a regular basis.

Article 67. Social protection and privileges of workers in the educational system.

The social protection and privileges of workers in the educational system are defined as follows and the state will guarantee these:

1. Work wages of workers in teaching and education institutes:

—work wages of workers in teaching and education institutions are given acording to their execution of duties covered by contract;

—to determine the minimal work rights and duty wage scales of workers in teaching and education institutions at a higher level than the average working wages for the Azerbaijan Republic;

—the wages for professor-teaching staffs in higher education institutions and scientific workers working in the education sector are to be three times higher than the average monthly wages of industrial workers;

—wages for educators, teachers and other pedagogical workers in other teaching and educational institutions are to be two times higher than the average monthly wages of industrial workers;

—differences in the ages of pedagogical workers working at preschool education, elementary, basic and general education secondary schools as well as in vocational schools, vocational lycees and educational institutions at other levels will be eliminated;

—wages for teaching assistants and service staff at teaching and education institutions will not be lower than the average monthly wages of the corresponding categories of industrial workers;

—specialists at scientific levels and with scientific titles will receive the same wages while working in general education secondary schools, vocational schools, lycees, gymnasiums, colleges and technical institutes as in the higher schools;

—teaching and education institutions have the right to increase tariff rates by making cganges in personnel within the salary monies which are under their authority;

—by considering the above, the transition will be made to the wage system on the basis of the category principle. The institution's category will be determined according to results obtained in teaching and education work during the state accreditation.

2. Normal working and living conditions, vacation, medical services, the opportunity to increase specialization no less than once every five years, and respecialization when needed are guaranteed.

3. The right to social protection and vocational-specialized activity are guaranteed.

4. Pedagogical workers have the right to a six-hour workday, a shortened work week and an extended paid vacation.

5. The wage scale of teachers in general education and technical-vocational institutions is determined by a measure of twelve hours a week, and the teaching load of professor-teacher staffs in the remaining educational institutions by their statutes.

6. Pedagogical workers have priority in receiving housing and services.

Creative scientific-pedagogical workers, after ten years of uninterrupted pedagogical activity, have the right to receive a paid vacation and extend the period up to one year in accordance with regulations and conditions of the Statutes of their educational institution.

7. A payment in the amount of ten percent of monthly salary will be paid to workers in educational institutions for products of book publication or output for the periodical press.

8. Pedagogical workers have the right to a complete stipend after completing 25 years of pedagogical work.

9. Income tax will not be withheld from work wages of workers in the educational system.

10. Pedagogical workers are freed of communal service costs.

11. A payment will be given to pedagogical workers in educational institutions in the amount of 300 percent of wages for a one-time clothing allowance a year.

12. Depending on the specific nature of pedagogical activity, a payment will be made of not less than 15 percent of salary to compensate for health damages to certain categories of educational workers.

13. A payment will be made for loss of work place while legally based structural changes are made.

14. When one is forbidden pedagogical activity due to illness and temporarily forced to transfer to other work temporarily, compensation will be given in the amount of the salary.

Article 68. Incentives for pedagogical workers.

1. Pedagogical workers will be spiritually and materially compensated for successes in the teaching and education sector with state prizes, honorary titles, medals and awards, honorary decrees and monetary prizes.

2. When honoring pedagogical workers, public opinion will be considered along with achievements in the teaching and education sector.

Article 69. Rights of parents.

The rights of parents or those replacing them are as follows:

—to select the teaching and education institution, the educator and the teacher for children not of legal age;

—to participate (vote and be elected) in elections of public self-governing organs of educational institutions;

—to appeal to various organs in connection with the education and training of children;

—to protect the legal rights of their children at various state and court organs.

Article 70. Duties of parents.

1. The foundation for the formation of a child as a personality is laid in the family. Family education stands at the basis of the educational process. The parents are responsible for the child's education and development.

2. The duties of parents and those that replace them are as follows:

—to be concerned for the physical and mental health, inherent talents and development of the natural potential of children;

—to respect their worth;

—to create a feeling of love and respect for the parents, the family, the origins, the Fatherland, the mother tongue, the people and its history, the common human values of fraternal peoples, other countries and peoples, and to indoctrinate children with a feeling of diligence, charity and compassion;

—to be concerned for those being educated in preschool and general education institutions and assure that they are being educated at state standards in the family;

—to educate a feeling of respect for the traditions of the people, the laws and human rights.

3. The state will aid parents or those replacing them and protect their rights.

PART 5. THE FINANCIAL-ECONOMIC ACTIVITY AND MATERIAL-TECHNICAL BASE OF INSTITUTIONS IN THE EDUCATIONAL SYSTEM

Article 71. The financial-economic activity of teaching and education institutions.

1. Education is a sector of strategic activity which is highly financed in the Azerbaijan Republic. When the state finances education, it pursues the course of matching its material-technical base to world standards.

2. The budget is the basic source of the financing of state educational institutions. The state allocates budgetary funds and the needed hard currency amounting to not less than 15 percent of national income for financing the educational system.

3. Additional sources for financing education:

—sums allocated for cadre training, advanced training or retraining cadres on the basis of a contract with ministries, institutions, administrations, organizations and certain citizens;

—sums attained for various activities (teaching, science, production, etc.) and services by teaching and education institutions;

—sums attained through voluntary grants by state and private institutions, organizations, societies, administraions and citizens of Azerbaijan and foreign countries.

4. Private educational institutions will be financed at their own cost.

5. Independent of the form of ownership, teaching and education institutions are freed of taxes and duties, and customs fees.

6. Sums accrued through education allocations or collected from various sources by teaching and education institutions are inviolable.

7. It is forbidden to turn private educational institutions into sources of profit, and sums attained as the result of the activity of these kinds of teaching and education institutions will be directed towards the perfecting of the educational process, the development of the material-technical base, the deepening of scientific research, the material betterment of participants in the educational process, and the improvement of the working and living conditions.

8. The teaching and education institution independently controls the expenditures of the financial means allocated for it and at its disposal, and maintains its independent balance and bank account.

9. The National Education Bank, National Education Fund, Education Commerce Bank and others will be established to stimulate the development of the educational system.

Article 72. The material-technical base of teaching and education institutions.

1. The material-technical base of teaching and education institutions includes the following: buildings, land, vehicles and equipment, various instruments and laboratories, teaching tools, means of transport and other valuable material-technical equipment.

2. The state considers the development of the material-technical base of teaching and educational institutions and equipping them with new machinery and equipment to be a high-priority sector of activity, and will pursue a course of bring them to the level of world standards.

Buildings, sports, health and rest complexes for teaching and education institutions, and housing construction for workers in the education system will be developed as a priority.

4. Ministries, institutions, administrations and organizations have the right to give teaching facilities, land and other items in exchange for teaching, scientific-production services and cadre training.

5. Independent of the form of ownership, machinery, equipment, apparatus and production institutions for an educational institution will be completely or partially free of taxes.

PART 6. INTERNATIONAL COOPERATION IN THE EDUCATION SECTOR

Article 73. International cooeration of educational institutions, administrations and organizations of the Azerbaijan Republic.

1. International cooperation by educational institutons, administrations and organizations will be implemented in accordance with the education laws of the Azerbaijan Republic.

2. Education institutions, administrations, organizations and various education groups of all forms of ownership and implementing various programs have the right to enter into direct relations with educational institutions, organizations and groups in foreign countries as well as international organizations and institutions independently, conduct exchanges of experiences and cadres, implement joint programs, open educational institutions, participate in international measuress and carry out all forms of cooperation.

3. Financial means, including hard currency gained as the result of the international cooperation of educational institutions and organizations, is inviolable and will be spent for the development of education, the strengthening of its material-technical base and improving the living conditions of education workers by command of the relevant educational institution or organization.

4. International cooperation in the education sector is not for the purpose of profit.

Article 74. The right of citizens of the Azerbaijan Republic to be educated abroad.

Citizens of the Azerbaijan Republic can receive an education at teaching institutions in foreign countries based on intergovernmental treaties and agreements concluded between teaching institutions and ministries, educational institutions and individuals.

Article 75. The right of foreign citizens and individuals lacking citizenship to receive an education in the Azerbaijan Republic.

1. Foreign citizens and individuals lacking citizenship can enter education institutions in the Azerbaijan Republic based on the statutes of international organizations of which Azerbaijan is a member and with whom it is participating, contracts and agreements of the Azerbaijan government, various teaching institutions, administrations, organizations and groups, and on private agreements with individuals wishing to receive an education in Azerbaijan.

2. Azerbaijanis living abroad and representatives of other nationalities who have accepted Azerbaijani citizenship can freely enter educational institutions of the Azerbaijan Republic.

3. The rights and duties of foreigners receiving an education in the Azerbaijan Republic are the same as those of citizens of the Azerbaijan Republic.

Article 76. International contracts and agreements in the education sector.

1. Educational institutions, administrations and organizations have the right to conclude contracts and agreements directly with the corresponding teaching institutions and organizations in foreign countries.

2. Foreign relations and international cooperation in the education sector are carried out on the basis of the laws of the Azerbaijan Republic.

3. When the conditions of international contracts and agreements are not in accordance with the education laws of the Azerbaijan Republic, the conditions of international contracts will be applied in certain cases.

PART 7. ON THE EDUCATION LAW OF THE AZERBAIJAN ENTERING INTO FORCE

1. This education law enters into force in the 1992-1993 academic year and, in connection with this all acts of the old law running counter to the new law gradually lose their force.

2. A stage by stage transition to the new educational system defined by this law on education will be made with a five year transition period.

3. In the period of transition the old educational structures will remain active along with the new structures.

• • •

[Afterword] When the expert-working group which prepared the "Education Law" was working on this important document, it took into consideration the rich educational traditions of the people of Azerbaijan, successes attained in this sector and advanced world practices. The months-long national discussion of the educational concept which has been previously published, the hundreds of letters received from our advanced educators, men of science, intellectuals working in various sectors and teachers, the articles published in the press, and the discussions which took place on radio and television were a great help to the expert-working group. When preparing the draft, a truth emerged from the examination of the experience of the highly developed countries of the world which has no need of proof: EDUCATION STANDS AS THE CORNERSTONE OF THE DEVELOPMENT OF THE PEOPLES AND COUNTRIES OF THE WORLD.

The "Education law" which has been presented for national discussion has the goal of establishing a new educational system which meets modern world standards and adds Azerbaijan to the world of progress. The darft of the "Education law" is the product of months of hard work and intense discussions. Everyone who helped the expert-working group closely has a share in the national enthusiasm. The draft will be discussed soon in the National Assembly. Thus, the expert-working group invites our fellow countrymen to take an active part in the discussions on the "Education law." It is urged that you send your comments and suggestions to the Commission for Education, Science, Culture and Religion of the National Assembly.

All useful proposals directed towards the establishment of our independent educational system will be considered.

[Signed] Yagub Memmedov, leader of the expert-working group, honored scientific worker.

Law On Religious Freedom

Text of Law

935D0057A Baku KHALG GEZETI in Azeri 19 Sep 92 p 2

[Text of "Law of Azerbaijan Republic 'On Freedom Of Religious Belief'"]

[Text]

PART 1. GENERAL ASSERTIONS

Article 1. Freedom of religious belief.

Everyone determines his relationship to religion independently. Everyone has the right to worship a religion alone or with others, to express and spread his belief in connection with religion.

It is not permitted to place any obstacle in the determination of any individual's relationship to religion, faith in religion, participation at services, or in the practice of religious ceremonies and rituals, or in the study of religion.

Only in necessary cases can limitations be placed on the practice of freedom of religious belief when required for the protection of rights and freedoms, considerations of state and public security, and international commitments of the Azerbaijan Republic.

Parents or those replacing them can raise their children in accordance with their own relationship to religion and religious belief on the basis of mutual agreement.

Article 2. Law on freedom of religious belief.

The law on the freedom of religious belief consists of this law, which defines the basic guarantees of the freedom of religious belief and the activities of religious organizations, and other legal acts of the Azerbaijan Republic which are relevant to it.

Article 3. Duties of the law on freedom of religious belief.

This law:

—establishes the guarantee for every individual in the Azerbaijan Republic to determine his own relationship to religion, the right to express this, and the implementation of this law;

—guarantees social justice and equality in accordance with the laws of the Azerbaijan Republic and the international legal norms which have been accepted in the Azerbaijan Republic, and the protection of the legal interests and rights of citizens regardless of their relationship to religion;

—defines the duties of the state in connection with religious organizations;

—defines the duties of religious organizations before the state and the public;

—preserves the best conditions for the demonstration of national morality and humanism, the security and cooperation of citizens regardless of a person's world view or relationship to religion;

—regulates the activity of religious organizations.

Article 4. Legal equality of citizens regardless of their relationship to religion.

Citizens of the Azerbaijan Republic are equal before the law in all sectors of political, economic, social and cultural life regardless of their relationship to religion. Indicating the relationship of citizens to religion in official documents is permitted only at their behest.

No one can avoid or be excluded from complying with the duties defined by law due to his religious belief.

Substituting the execution of one duty for the execution of another duty for the sake of religious belief is permitted only in cases considered in the laws of the Azerbaijan Republic.

Article 5. The state and religious organizations.

Religion and religious organizations are separated from the state in the Azerbaijan Republic.

The state will not order religious organizations to fulfill any duties pertaining to the state and not interfere in their activities.

All religions and religious organizations are equal before the law. It is not permitted for a religion or religious group to claim any superiority or limitations about another.

Religious groups have the right to take part in public life, even to use the mass media along with public organizations.

Religious organizations do not take part in the activity of political parties and do not provide them with financial help.

When members of the clergy are elected to state organs or serve in them, activity as a member of the clergy will cease for this period.

Religious organizations act by the existing laws of the Azerbaijan Republic and are responsible for their actions.

Article 6. Relationship between religion and the school.

The state educational system of the Azerbaijan Republic is separate from religion.

An acquaintanceship with religious studies, religious understanding, religious-philosophical studies and the fundamentals of religious books can be entered into the curricula of state educational institutions.

Citizens can study theology and receive a religious education individually or with others in the language they wish.

Religious groups have the authority to establish religious teaching institutions and groups for children and older people, as well as to instruct them in other ways and exploit property turned over to them or unique to them for this purpose in accordance with their own statutes (regulations).

PART 2. RELIGIOUS ORGANIZATIONS IN THE AZERBAIJAN REPUBLIC

Article 7. Religious organizations.

Religious organizations are religious communities, administrations and centers, religious brotherhoods, religious teaching institutions and their organizations. Religious organizations are represented by their own centers (administrations).

Religious organizations are voluntary organizations which have been established for the joint implementation of the law on freedom of belief of persons who have reached the age of maturity, and to disseminate religious belief and religion.

Religious organizations act in accordance with this law and their statutes (regulations) which have been presented.

Article 8. The religious community.

A religious community is a local religious organization of religious persons united together on a voluntary basis for the purpose of worship and meeting other religious requirements.

Religious communities have the right to be affiliated to religious centers active in the Azerbaijan Republic and outside its borders and to change this affiliation.

Article 9. Religious administrations and centers.

Religious organizations whose leading centers are outside the borders of the Azerbaijan Republic can retain the statutes (regulations) of these centers in their own activity in cases when they do not contradict the laws of the Azerbaijan Republic.

Religious administrations and centers can establish houses of worship, shrines and religious brotherhoods in accordance with their statutes.

The relations between the state and religious administrations and centers, including legally unregulated relations with religious administrations and centers outside the borders of the Azerbaijan Republic, are arranged in accordance with agreements between state organs and them.

Article 10. Religious teaching institutions.

Religious administrations and centers have the right to establish teaching institutions for the training of clergy and others with religious specialties in accordance with their registered statutes (regulations). Religious teaching institutions act in accordance with their statutes which take into consideration the rules defined by this law.

Those being educated in fulltime higher and secondary religious teaching institutions can use the rights and privileges defined for those being educated in state teaching institutions.

Article 11. The statutes (regulations) of religious organizations.

The religious organization will have statutes (regulations) defining its legal capability in accordance with civil law.

The statutes (regulations) of a religious organization are passed at general meetings of religious persons or religious congresses and conferences.

The following must be indicated in the statutes (regulations) of religious organizations:

1) the type, religious affiliation and location of the religious organization;

2) the position of the religious organization within the organizational structure of a greater religious organization;

3) the status of property of the religious organization;

4) the rights of the religious organization to found institutions, mass information channels, other religious organizations, and teaching institutions;

5) the rule on making changes or additions to the statutes (regulations) of the religious organization;

6) the resolution of property and other issues if the activity of the religious organization is terminated.

Other questions connected with the nature of the activity of the religious organization can also be included in the statutes (regulations).

The religious organization is a legal person from the instant its statutes (regulations) are registered.

Article 12. Registration of the statutes (regulations) of religious organizations.

For the registration of a religious community, at least ten adults who established it will apply to the local executive governmental organ with a petition, to which is added the statutes (regulations) of the community. The petition will be examined for a period of one month. A decree of acceptance will be sent to the appropriate religious affairs administration of the Azerbaijan Republic. This administration submits the documents for registering the religious community to the Ministry of Justice of the Azerbaijan Republic together with its opinion.

In order to register religious administrations, centers, religious brotherhoods and religious teaching institutions, they are to submit the statutes (regulations) to the relevant religious administration of the Azerbaijan Republic.

The organ acting on registration examines the petition and statutes (regulations) of the religious organization for a period of one month, passes the appropriate decree and informs the petitioner in writing about this in no more than ten days.

The organ acting on the registration of the statutes (regulations) of the religious organization can ask for the opinion of the relevant local government executive organ and specialists.

In such cases, a decree on the registration wil be passed in three months' time.

Article 13. The refusal to register the statutes (regulations) of religious organizations.

The registration of the statutes (regulations) of a religious organization can be refused in cases when the goals and duties described within it contradict existing laws.

The decision on refusing the registration of the statutes (regulations) of a religious organization will be made known in written form explaining the reasons to the petitioners within ten days. A complaint can be made to court about such a decision under rules defined in the civil-processual code of the Azerbaijan Republic.

Article 14. Terminating the activity of religious organizations.

The activities of religious organizations can be terminated only in cases when they are abolished in accordance with their own statutes (regulations) or when they violate this law or other legal acts of the Azerbaijan Republic.

Article 15. The examination of complaints on the registration and termination of the activity of religious organizations.

Complaints can be made to the court in accordance with rules defined in the civil-processual code of the Azerbaijan Republic, the issuing of decrees on the registration, refusal to register or termination of the activities of a religious organization, or about extending the period considered under this law for an acceptance decree.

Part 3. THE PROPERTY STATUS OF RELIGIOUS ORGANIZATIONS

Article 16. The use of property belonging to the state, public organizations or citizens.

Religious organizations have the right to use buildings and property given to them on the basis of contract by state organizations, public organizations or citizens for their own needs.

Local administrative organs and state administrations can give buildings and other property of religious purposes which are the property of the state for the irreplaceable use of religious organizations.

Religious organizations have the right of precedence in being given buildings of religious purpose together with the territory on which they are situated.

Article 17. Turning over property consisting of historical and cultural monuments and its use.

Structures and objects which are historical and cultural monuments can be given to religious organizations and used by them in accordance with regulations corresponding to the law.

Article 18. Property of religious organizations.

Buildings, religious items, production, social and items of a charitable nature, monetary means and other property needed to assure the activities of religious organizations can be their property.

Religious organizations have ownership rights over property which has been obtained or created at their own expense, which has been donated by citizens or organizations or given by the state, or obtained on other bases which have been legally considered.

Foreign property can also be in the possession of religious organizations.

Religious organizations can appeal for voluntary donations as well as receive these donations.

Contributions are not taxable.

The property rights of citizens is protected by civil law.

Article 19. Production and business activity of religious organizations.

Religious organizations can found publishing, printing, production, restoration-construction business, institutions having the status of a legal person, and orphanages, boarding schools, hospitals and others in accordance with their own statutes (regulations).

Taxes are imposed on monies raised from the production activities of institutions belonging to religious organizations and other income in the amount and according to the regulations corresponding to the laws of the Azerbaijan Republic for public organizations.

Article 20. The disposal of properties of religious organizations which have terminated activity.

Properties which are not pious foundations which have been given by state organizations, public organizations or individual citizens for the use of religious organizations will be returned to the previous owner after the cessation of their activity.

When activities of a religious organization cease, properties in their possession will be disposed of in accordance with their own statutes (regulations) and the law in force.

The right of creditors' claims on ceremonial objects special to religious organizations cannot be upheld.

In the event that there is no legal heir, property reverts to the state.

PART 4. RIGHTS OF CITIZENS AND RELIGIOUS ORGANIZATIONS CONNECTED WITH THE FREEDOM OF RELIGIOUS BELIEF.

Article 21. Religious rites and ceremonies.

Religious organizations are the protectors of places devoted to worship and religious meetings as well as shrines considered sacred in this or that religion, and have the right to maintain and use them.

Worship, religious rites and ceremonies can be held in houses of worship and on territory special to them, at shrines, in cemeteries, religious organizations and administrations and the residences and houses of citizens without obstacles.

Commands of military units cannot impede the worship of military personnel (other than in exceptional cases) during their free time or their fulfillment of religious rites. The activity of the clergy in military units is permitted with the agreement of the military leadership.

Worship and religious rites are to be performed in hospitals, homes for the aged and disabled, dormitories and primary prisons. The administrations of these institutions aid in the invitation of the clergy and participate in determining the time that worship, rites or ceremonies will be held and in other conditions. In other instances open worship, religious rites and ceremonies are to be executed at the time determined for gatherings, meetings, demonstrations and marches.

Religious organizations have the right to come up with proposals for holding religious ceremonies for citizens who are in hospitals, homes for the aged or disabled, dormitories and corrective labor institutions.

Article 22. Religious literature and religious items.

Citizens and religious organizations have the right to obtain and use religious literature in the language they wish as well as other religious items and materials.

Religious organizations have the right to produce, export and freely distribute religious literature, items and information of a religious content with the agreement of the appropriate religious affairs administration.

Article 23. Charitable, cultural and educational activity of religious organizations.

Religious organizations demonstrate cultural and educational activity by means of independent and public foundations or in other forms.

Contributions and allocations directed to these goals are free of taxation.

Article 24. International relations and communications of religious believers and religious organizations.

Citizens and religious organizations can paticipate in international religious measures as a group or individually and in religious measures held abroad, and religious organizations can send citizens abroad to study at religious teaching institutions and can accept foreign citizens for this purpose.

PART 5. WORK ACTIVITIES IN RELIGIOUS ORGANIZATIONS AND THEIR INSTITUTIONS

Article 25. Work-law relations in religious organizations.

Working conditions in religious organizations are determined by agreement between the worker and the religious organization and indicated in a written work contract.

The religious organization registers the documents defining the work contract and the determined manner and the conditions for the wages of the clergyman.

Citizens working in a religious organization by contract can become members of trade unions.

Article 26. Work rights of citizens working in religious organizations.

Requirements of labor laws on citizens working by labor contract in religious organizations will be applied without exception.

Taxes will be withheld from income of citizens, including clergy, working in religious organizations.

Article 27. Social guarantees and social insurance of citizens working in religious organizations.

Religious organizations, their administrations and institutions, pay allocations in the sum required to the State Social Insurance Fund and the Pension Fund of the Azerbaijan Republic according to the rule determined for public organizations, their administrations and institutions.

A pension is granted to all citizens working in religious organizations on the common basis in accordance with the law.

PART 6. STATE ORGANS AND RELIGIOUS ORGANIZATIONS

Article 28. Overseeing the legality on freedom of religious belief.

Control over compliance with the law on the freedom of religious belief of the Azerbaijan Republic is implemented in accordance with the laws in force.

Article 29. The Religious Affairs Administration of the Azerbaijan Republic.

The appropriate Religious Affairs Administration of the Azerbaijan Republic:

—provides the necessary help at the request of religious organizations to them in making agreements with state organs and in questions demanding a solution by the state organs;

—helps in strengthening mutual understanding, stability and respect between religious organizations of various religious beliefs;

—acts on the registration of the statutes (regulations) of religious organizations as considered by this law as well as changes and additions to them;

—helps local executive governmental organs in the application of laws of the freedom of religious belief;

—maintains ties with the corresponding organs of foreign states;

—establishes an information bank on the execution of the law on religious organizations and the freedom of religious belief in the Azerbaijan Republic;

—helps in the participation of religious organizations in working relationships with international religious movements, forums, international religious centers and foreign religious organizations;

—provides theological expertise with the participation of representatives of religious organizations and the appropriate specialists.

Article 30. Responsibility for violating the law on the freedom of religious belief.

Responsible persons and citizens guilty of violating the law on religious belief bear responsibility under the rules defined by the laws of the Azerbaijan Republic.

Article 31. International agreements.

When there is a difference between domestic laws on the freedom of religious belief and international agreements in which the Azerbaijan Republic participated, the rules of the international agreement will be applied.

[Signed] *Ebulfez Elchibey, president of the Azerbaijan Republic*
Baku, 20 August 1992

Decree Enacting Law

935D0057B Baku KHALG GEZETI in Azeri 19 Sep 92 p 2

[Decree of National Assembly of Azerbaijan Republic "On The Entering Into Force Of The Law Of The Azerbaijan Republic 'On Freedom Of Religious Belief'"]

[Text] The National Assembly of the Azerbaijan Republic decrees:

1. The law of the Azerbaijan Republic "On Freedom Of Religious Belief" enters into law from the instant of publication.

2. The Cabinet of Ministers of the Azerbaijan Republic shall be ordered that in two months' time:

—it shall make the relevant acts of the Azerbaijan Republic correspond to the law of the Azerbaijan Republic "On The Freedom Of Religious Belief";

—it determine the rule for granting ceremonial buildings and structures, other property and land to religious organizations.

3. The Ministry of Justice of the Azerbaijan Republic and local executive governmental organs shall be ordered to guarantee the registration in a manner appropriate to the demands of this law within two months' time all religious organizations now active in the republic.

[Signed] *Isa Gemberov, chairman of the Supreme Soviet of the Azerbaijan Republic*
Baku, 20 August 1992.

ESTONIA

Law on Election of President

93UN0004A Tallinn RIIGIKOGU TEATAJA in Estonian 27 Aug 92 p 1

[Excerpt of law: "Election of the President of the Republic in the State Assembly"]

[Text]

Article 15. Election of the President of the Republic in the State Assembly (1) The President of the Republic is elected by members of the State Assembly in a secret ballot.

(2) The names of the two candidates getting the greatest number of votes in the direct elections will be put on the ballot. If no candidates were submitted in direct elections, or if only one candidate was submitted, but did not get elected, then the names of candidates duly submitted by members of the State Assembly will be entered on the ballot, in the order in which they were submitted.

(3) Every member of the State Assembly has one vote.

(4) The member of the State Assembly marks the box next to the name of the candidate he or she is voting for.

(5) Ballots showing markings for more than one candidate, or those showing no markings for any of the candidates, will be declared invalid.

(6) Election will go to the candidate who receives more than half of the votes deemed valid. If there are more than two candidates running for the President of the Republic, and none of them gets the required majority of votes, then another round of voting will be held on the same day between the two candidates receiving the greatest number of votes.

(7) If, in the second round, both candidates get the same number of votes, the elder of the two candidates will be elected President of the Republic.

Changes to Ownership Reform Law

93UN0165B Tallinn EESTI VABARIIGI SEADUS in Estonian 12 Aug 92 p 1

[Law signed by A. Rütel, chairman of Supreme Council, Republic of Estonia: "On making changes in the basic principles of the ownership reform law"]

[Text] Paragraph 1. To make the following changes in the basic principles of the ownership reform law (RT [RIIGI TEATAJA] 1991 No. 21, Article 267; 1991 No. 45, Article 565; 1992 No. 19, Article 275):

1. To change Sections 2, 3 and 4 of Paragraph 39, and word them as follows:

(2) The listings of state-owned property to be privatized are compiled by the State Property Office of the Republic of Estonia, along with Estonian ministries and state agencies. Listings of property to be privatized will be approved (objects to be privatized determined) according to procedures established by the Government of the Republic.

(3) The listings of municipal property to be privatized are compiled by the executive body of the local government and approved (objects to be privatized determined) by the local council.

(4) Estonia's State Property Office is enacting a procedure for registering foreigners interested in privatization, keeps track of their number, and arranges for privatization of property in accordance with, and on terms specified in Paragraph 35, Section 3 of the law.

2. To declare void Sections 5 and 6 of Paragraph 39.

Paragraph 2. This law will take effect from the day it was passed.

Tallinn, August 12, 1992

Changes to Privatization Law

93UN0083A Tallinn RIIGI TEATAJA in Estonian 15 Jun 92 pp 627-629

[Text of law signed by A. Rüütel, chairman of Supreme Council, Republic of Estonia: "Law of the Republic of Estonia"]

[Text] **Dealing with changes and additions to the Republic of Estonia law "Regarding privatization of state-owned service, retail and food service enterprises"**

Article 1. To make the following changes in the Republic of Estonia law "Regarding privatization of state-owned service, retail and food service enterprises" (RT 1990, No. 22, Article 277):

1.1. In the heading of the law, replace the words "service, retail and food service enterprises" with the words "and municipal enterprises."

1.2. Add to the first sentence of the law's preamble, after the words "to the state" the words "and to local government units" and replace, in the same sentence, the words "service, retail and food service enterprises" with the word "enterprises."

1.3. Change Articles 1, 2 and 3, and word them as follows:

Article 1. Object of Privatization

(1) Property belonging to the state or local government units will be privatized according to this law, if privatization of such property is not covered by other laws, as property in its entirety, or property forming an entirety of structural units or complete technological objects, as long as the balance of payment for such enterprise to be privatized does not exceed 6 million rubles.

(2) Listings of state-owned objects to be privatized will be compiled by the Republic of Estonia State Property Office (henceforth State Property Office), at the suggestion of the second level governmental unit serving their location, or a ministry of the Republic of Estonia, and will be approved according to the procedure established by the Government of the Republic of Estonia.

Objects to be privatized belonging to local government units, their division into functional property units and deadlines for their privatization, if these were not determined at the time municipal ownership was established, will be determined by the government of local administrative units and approved by the appropriate council.

(3) Illegally expropriated property belonging to citizens or groups of citizens up until June 16, 1940, as specified in section 1 of this Article, will be privatized according to this law in cases where the subject entitled under the ownership reform law is not asking for the property to be returned, or has given written notice of having relinquished his or her claim to such property.

Article 2. Person Acquiring Privatized Property

According to this law, privatized property can be acquired by a person who is at least 18 years old, or by a joint stock company or some other business formation registered in the Republic of Estonia, if such is formed by consolidating, and not by dividing, privatized property formerly belonging to a legal entity.

Article 3. Implementing Privatization

(1) Privatization would be implemented by the State Property Office in cases of state-owned property, and by local administrative governments in cases of property belonging to local government units.

The party implementing privatization has the right to put the property up for competitive bidding with additional conditions, the compliance with which is to be specified in the contract for transfer.

The State Property Office can turn the privatization of state-owned property over to the government of a second-level administrative unit.

(2) Privatization takes the form of a public sale of the entire property or shares.

Sales of entire properties or shares are accomplished by means of competitive bidding. If several persons participate in the competitive bidding, first option privilege is given to employees of the enterprise or structural unit being privatized, to former employees retired from such enterprise (or structural unit), or to contractual users of the property, as long as they are willing to buy the property being privatized at the last bidding price offered at the auction. The party implementing the privatization can also sell the shares on the stock exchange, in accordance with prevailing regulations.

(3) If there are several persons with first option privileges seeking to buy the property at the price specified in section 2 of this Article, the bidding between them will continue until a buyer is determined.

(4) If only one person shows up for the bidding, the party implementing the privatization can sell the property at its initial price.

(5) The initial price for the property to be privatized is set by the party implementing the privatization, and based on price calculations obtained from different experts.

(6) Sales concluded for securities issued to compensate for illegally expropriated property or national debenture bonds will be handled in accordance with this law and other regulatory acts derived from it."

1.4. In Article 5, replace the words "State Property Office" with "the party implementing the privatization."

Paragraph 2. This law takes effect from the day it is passed. Privatization of objects announced in the media before this law goes into effect will proceed according to the Republic of Estonia law "Regarding privatization of state-owned service, retail and food service enterprises" without regard to changes and additions made by this law.

Tallinn, May 21, 1992

Law on Speeding Up Restitution

93UN0165E Tallinn EESTI VABARIIGI SEADUS in Estonian 11 Aug 92 pp 1-2

[Law signed by A. Rüütel, chairman of Supreme Council, Republic of Estonia: "On speeding up restitution for illegally expropriated property that has retained its individuality"]

[Text] Paragraph 1. Illegally expropriated property that has retained its individuality will be returned to parties entitled under the ownership reform in a manner specified by the Government of the Republic of Estonia before securities (henceforth Certificates of Restitution) are issued, as specified in Paragraph 17, Section 1 of the Republic of Estonia basic principles of the ownership reform law (henceforth Basic Principles), while compiling continues on the register of former owners and properties, as mentioned in Paragraph 16, Section 3 of the same law, if the following conditions are met:

1) the party taking in claims for the return of property has completed reviewing such a claim, and checking out documents filed in support thereof;

2) the district or city commission formed for the return of, or making restitution for illegally expropriated property, has decided that sufficient documentation has

been submitted on the ownership, composition of property and the entitled party involved, to make a decision on the return of the property;

3) the value of the property being returned has not decreased, or such a decrease is not subject to restitution under the laws of the Republic of Estonia.

Paragraph 2. If the value of the property being returned has decreased, and this decrease is subject to restitution, the property should be returned according to conditions specified in Paragraph 1, Sub-Sections 1 and 2, if restitution payable to the entitled party has been determined, and the entitled party has waived, in writing, its claim for a Certificate of Restitution.

Paragraph 3. Decisions on returning illegally expropriated land are made by the executive body of the first level local government. If a body of state or local government requests that the land or some portion of it be turned over to state or municipal ownership, the decision for returning the land, or any portion thereof, will be made after such land is deemed not to be subject to return, in accordance with the land reform law of the Republic of Estonia.

Paragraph 4. Decisions about the return of illegally expropriated property should be published within one week in the newspaper covering that location.

Paragraph 5. Illegally expropriated property will be returned to the entitled party within two weeks from the day the notice of the return decision appeared in the local newspaper, provided that no other valid claims for that property have been filed in the meantime. Ownership right to the property being returned will transfer from the date on the deed for transfer, unless otherwise stipulated by the law of the Republic of Estonia.

If a valid claim is filed by another person within two weeks from the day the notice appeared in the local newspaper about the decision to return the property, the property will become subject to return or restitution in the usual manner.

Paragraph 6. Persons, who apply for the return of, or restitution for their property under the Republic of Estonia law "On the rehabilitation of persons repressed out-of-court and convicted without cause", and persons who filed claims for the return of their property after January 17, 1992, or those who have filed their claims after the property involved has been returned or turned over to some other persons in the course of the ownership reform, can only claim restitution for the property.

Paragraph 7. When illegally expropriated property is returned on the basis of this law, additional conditions will be stipulated in the deed for the transfer of the property that allow for possible changes in the available data regarding former owners, as mentioned in Paragraph 16, Section 3 of the Basic Principles, or other new information discovered in the course of compiling the property register.

Tallinn, August 11, 1992

END OF FICHE

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